Raffles Interior

Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1376

Annual Report 2024

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ding Hing Hui
Ms. Xiang Ying *(resigned on 23 September 2024)*

Non-Executive Director

Ms. Peng Shangfeng
(terminated with effect from 23 December 2024)

Independent Non-Executive Directors

Mr. Gay Soon Watt
Mr. Tan Chong Huat
Mr. Wong Heung Ming Henry
(Non-executive chairman)

AUDIT COMMITTEE

Mr. Wong Heung Ming Henry *(Chairman)*
Mr. Gay Soon Watt
Mr. Tan Chong Huat

REMUNERATION COMMITTEE

Mr. Gay Soon Watt *(Chairman)*
Mr. Tan Chong Huat
Mr. Wong Heung Ming Henry

NOMINATION COMMITTEE

Mr. Tan Chong Huat *(Chairman)*
Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry

COMPANY SECRETARY

Mr. Yu Cheeric James
(appointed on 24 December 2024)
Mr. Chu Pui Ki Dickson
(resigned on 24 December 2024)

AUTHORISED REPRESENTATIVES

Mr. Ding Hing Hui
Mr. Yu Cheeric James
(appointed on 24 December 2024)
Mr. Chu Pui Ki Dickson
(resigned on 24 December 2024)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

5 Sungei Kadut Street 2, #01-02/03
Singapore 729227

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 23/F., Yue Hing Building, 103 Hennessy Road
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

AUDITOR

Moore CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor
1001–1010, North Tower
World Finance Centre, Harbour City
19 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

COMPLIANCE ADVISER

Kingsway Capital Limited
7th Floor, Tower 1
Lippo Centre
89 Queensway
Hong Kong

COMPANY WEBSITE

www.rafflesinterior.com

STOCK CODE

1376

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**", "**we**" or "**us**"), I am delighted to present our annual report of the Group for the year ended 31 December 2024.

The Building and Construction Authority ("**BCA**") in Singapore is projecting construction demand to reach between S$47 billion and S$53 billion in 2025, which is a 6.3% to 19.9% increase from 2024. This is due to a number of large scale projects including Changi Airport Terminal 5 and expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. Other contributors include high-specification industrial buildings, educational developments, healthcare facilities, mechanical and engineering contracts for rail lines and infrastructure works for Woodland Checkpoint extension and Tuas Port. Normalised to real values, 2025's demand is projected to range between $35 billion and $39 billion, which is between 0.3% to 11.7% higher than pre-COVID levels in 2019. Given our Group's solid track record, we are well positioned to seize new business opportunities amid the recovery of Singapore construction industry.

I would like to take this opportunity to express my sincere gratitude to my fellow Directors, the management team and staff for their dedication, contributions and hard work throughout the years, and to the shareholders, business partners and suppliers for their trust and support.

Wong Heung Ming Henry
Non-executive chairman and independent non-executive director

Singapore, 28 March 2025

BUSINESS REVIEW AND OUTLOOK

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

The Building and Construction Authority ("**BCA**") in Singapore is projecting construction demand to reach between S$47 billion and S$53 billion in 2025, which is a 6.3% to 19.9% increase from 2024. This is due to a number of large scale projects including Changi Airport Terminal 5 and expansion of the Marina Bay Sands Integrated Resort, alongside public housing development and upgrading works. Other contributors include high-specification industrial buildings, educational developments, healthcare facilities, mechanical and engineering contracts for rail lines and infrastructure works for Woodland Checkpoint extension and Tuas Port.

Over the medium-term, BCA projected the total construction demand to reach between S$39 billion and S$46 billion per year from 2026 to 2029, with the public sector expected to lead the demand.

As at 31 December 2024, the Group had 19 projects on hand (including contracts in progress and contracts which are yet to commence) with a notional contract value of approximately S$27.0 million, of which approximately S$5.0 million had been recognised as revenue before 31 December 2024. The remaining balance will be recognised as the Group's revenue in accordance with the progress towards completion.

FINANCIAL REVIEW FOR CONTINUING OPERATIONS

	For the year ended 31 December		
	2024 (audited)	2023 (audited)	Change
Revenue (S$'000)	**47,120**	91,181	(44,061)
Gross profit (S$'000)	**12,588**	11,495	1,093
Gross profit margin	**26.7%**	12.6%	14.1%
Net profit/(loss) (S$'000)	**599**	1,403	(804)

Revenue

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

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Number of projects with revenue contribution	Revenue (S$'000)	Percentage of Revenue (%)	Number of projects with revenue contribution	Revenue (S$'000)	Percentage of Revenue (%)
Owners/tenants	55	36,929	78.3	42	70,187	77.0
Construction contractors	5	26	0.1	10	8,950	9.8
Professional consultants	28	10,165	21.6	19	12,044	13.2
	88	47,120	100.0	71	91,181	100.0

The Group's overall revenue decreased by approximately S$44.1 million or approximately 48.3% from approximately S$91.2 million for the year ended 31 December 2023 to approximately S$47.1 million for the year ended 31 December 2024. The decrease is mainly due to (i) less order books carried forward from 2023; and (ii) less order book secured in first half of 2024.

Cost of Sales

The Group's cost of sales decreased by approximately S$45.2 million or approximately 56.7% from approximately S$79.7 million for the year ended 31 December 2023 to approximately S$34.5 million for the year ended 31 December 2024. Such decrease in cost of sales was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2024 amounted to approximately S$12.6 million, representing an increase of approximately 9.5% as compared to approximately S$11.5 million for the year ended 31 December 2023. The gross profit margin had increased by approximately 111.9% from 12.6% for the year ended 31 December 2023 to 26.7% for the year ended 31 December 2024. This is mainly due to lower subcontracting cost was incurred for the projects performed during the year.

Other Income

Other income mainly included income from (i) government grants and (ii) sundry income. During the year ended 31 December 2024, other income amounted to approximately S$0.1 million (2023: S$0.1 million).

Other gains and (losses)

Other gains and losses mainly included (i) foreign change differences; (ii) fair value adjustments on financial assets and derivative financial liabilities and (iii) disposal of property, plant and equipment. During the year ended 31 December 2024 other losses increased by approximately S$0.8 million as compared to S$20,000 for the year ended 31 December 2023. This is mainly due to increased in foreign exchange loss of S$0.2 million, S$0.3 million in fair value loss on derivative component in relation to the convertible bonds, S$0.3 million fair value loss on financial assets at fair value through profit or loss ("FVTPL").

Reversal of/impairment losses under expected credit loss model, net

Reversal of impairment losses of the Group for the year ended 31 December 2024 amounted to approximately S$0.6 million as compared to impairment losses of approximately S$0.4 million for the year ended 31 December 2023. The decrease is due to the substantially decrease in trade receivables and contract assets.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2024 amounted to approximately S$11.0 million as compared to approximately S$9.6 million for the year ended 31 December 2023. The increase was mainly due to an increase in staff cost of approximately S$1.6 million as a result of (i) increase in headcount; (ii) increment for our foreign workers and S-Pass holders and (iii) S$0.9 million increase accrual of performance bonus, mainly due to more accruals of performance bonus made for the year ended 31 December 2024.

Finance Costs

Finance costs for the year ended 31 December 2024 was approximately S$634,000 (2023: S$176,000) which represents bank charges and interest on lease liabilities, trade financing, loans and convertible bonds. During the year, imputed interest on convertible bonds of approximately S$517,000 (2023: nil) was recognised.

Income Tax Expense

The Group had a tax expense of approximately S$0.4 million for the year ended 31 December 2024 (2023: S$2,000) mainly due to more provision of tax as unabsorbed losses brought forward during COVID-19 pandemic had been fully utilised for the current year.

Net Profit/(Loss)

As a result of the foregoing, profit attributable to owners of the Company for the year ended 31 December 2024 decreased by approximately S$0.8 million from approximately S$1.4 million for the year ended 31 December 2023 to approximately S$0.6 million for the year ended 31 December 2024.

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

Liquidity, Financial Resources and Capital Structure

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

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in Singapore Dollars ("**S$**" or "**SGD**"), is generally deposited with certain financial institutions.

As at 31 December 2024, the Group had total cash and bank balances of approximately S$15.8 million as compared to approximately S$17.0 million as at 31 December 2023 and bank borrowings of approximately S$0.6 million as at 31 December 2024 as compared to approximately S$1.6 million as at 31 December 2023.

Pledge of Assets

Other than the building included in property, plant and equipment and pledged fixed deposits, the Group did not pledge any assets to secure any banking facilities or bank loans during the years ended 31 December 2023 and 31 December 2024.

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 all the time.

Foreign Exchange Risk

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

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 31 December 2024 was 135.5% (2023: 16.2%).

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

The Company completed the acquisition of a controlling stake in 武漢二廠汽水有限公司 ("**Previous Subsidiary**") on 5 January 2024 through issuance of a convertible note in the principal amount of HK$25.5m as consideration. The key terms of the sale and purchase agreement ("**SPA**"), including the guaranteed net profit as well as certain representations and warranties provided by the vendor, were the main factors in the formulation of such consideration. The Company discovered during the year ended 31 December 2024 that there had been misrepresentations in the said SPA, and among which (a) based on the unaudited management accounts and contrary to the guaranteed net profit provision under the SPA (i) as of 30 June 2024, the Previous Subsidiary had incurred a net loss of approximately HK$3.7 million, and (ii) as of 30 September 2024, the Previous Subsidiary had incurred a net loss of approximately RMB3.2 million; (b) the relevant trademark registrations of the "二廠汽水" trademark had been repeatedly rejected by the relevant government authorities; and (c) there was an unauthorised loan of RMB5 million obtained shortly prior to the completion of the acquisition, which funds were suspected to have been misappropriated. The Company did not make any capital contribution into the Previous Subsidiary since the acquisition which limits the Company's risk exposure. In light of the above, the Company has (1) entered into a sale and purchase agreement to sell China Soft Drinks Limited ("**China Soft Drinks**", and its subsidiaries collectively referred to as the "**Disposal Group**"), the holding company of the Company's prior interests in the Previous Subsidiary, to an independent third party on an "as is" basis at a nominal consideration, and (2) instructed counsel to issue a writ against the vendor on 27 January 2025 seeking, among others, (i) an order to rescind the SPA, (ii) a declaration that the convertible note issued by the Company to the vendor be cancelled and/or void or that the vendor be not entitled to exercise any right under the convertible note, and (iii) damages for misrepresentation and breach of contract.

For more details relating to the above, please refer to the Company's announcements dated 8 January 2024, 28 November 2024, 31 December 2024 and 28 January 2025.

Save as disclosed above and in this annual report, the Group did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report, the Group did not have other future plans for material investments or capital assets as at 31 December 2024.

Employees and Remuneration Policy

As at 31 December 2024, the Group had a total of 376 employees (2023: 361 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes for the year ended 31 December 2024 amounted to approximately S$17.3 million (2023: approximately S$15.1 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 employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and experience, responsibility, workload and time devoted to the Company, and approved by the Board.

Environmental Policies and Performance

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

Contingent Liabilities

As at 31 December 2024, the Group had performance bonds of approximately S$7.7 million (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 year ended 31 December 2024, the Group acquired items of property, plant and equipment of approximately S$1.8 million (2023: S$54,000).

As at 31 December 2024, the Group had no material capital commitments.

ADDITIONAL INFORMATION REGARDING THE QUALIFIED OPINION OF THE AUDITOR

As disclosed in the paragraph headed "Qualified Opinion" in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Independent Auditor's Report**"), the auditor of the Company, Moore CPA Limited ("**Moore**"), express a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2024.

The matters which gave rise to such qualified opinion related to (i) scope limitations on the results and cash flows of China Soft Drinks for the period from 5 January 2024 to 31 December 2024 which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at 31 December 2024 (the "**Disposal Date**") as disclosed in the consolidated financial statements; and (iii) the loss on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at 31 December 2024.

The Audit Committee has reviewed and agreed with the audit qualification. At the Board meeting held immediately after the meeting of the Audit Committee held on 28 March 2025, the Audit Committee reported to and discussed with the Board on the audit qualification. The Board provided response to the audit qualification and the Audit Committee concurred with the management. The management and the Audit Committee have the following opinions on the matters which gave rise to the qualified opinion for the year ended 31 December 2024.

As disclosed in the Independent Auditor's Report, Moore was unable to obtain all the underlying supporting information and documentary evidence which were considered necessary for their audit purpose in relation to the results, cash flows and other transactions undertaken by the Disposal Group during the period from 5 January 2024 to 31 December 2024 as well as the assets and liabilities of the Disposal Group as at the Disposal Date and the disclosure of financial information of the Disposal Group to satisfy themselves as to whether (i) the results and cash flows of the Disposal Group for the period from 5 January 2024 to 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date; and (iii) the disclosure of financial information of the Disposal Group have been appropriately arrived at and Moore was unable to carry out audit procedures that would perform in the audit. Consequently, Moore was unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Disposal Group for the period from 5 January 2024 to 31 December 2024 which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date as disclosed in the consolidated financial statements; and (iii) the loss on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at 31 December 2024.

Based on the above, the Board is of the view that the issues giving rise to the matter which were the subject matters of the scope limitation referred to above shall not have carried forward effect on the Group's consolidated financial statements for the year ended 31 December 2025 and that any modified opinion in the forthcoming year should only be related to the comparability of 2024 figures in the consolidated financial statements for the year ended 31 December 2025.

The Audit Committee concurs with the views of the Board that to the matter which were the subject matters of the scope limitation referred to above shall not have any continuing effect on the Group's consolidated financial statements in the coming financial year end and that any modified opinion in the forthcoming year should only be related to the comparability of 2024 figures in the consolidated financial statements for the year ended 31 December 2025.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

There are four members in the Board and three members in our senior management. Their biographies up to the date of this report are set out below:

DIRECTORS

Executive Directors

Mr. Ding Hing Hui ("Mr. Ding"), aged 55, was appointed as our Director on 7 January 2019 and was re-designated as an executive Director on 25 March 2019. Mr. Ding has been with the Group since July 1996 and has been the operation director of the Group since January 2011. He currently leads a team of over 250 staff including project associates, project managers, construction managers, project support team, project administrators, site supervisors, safety/security team, general/painter team as well as the recently-set-up Malaysian Production Team. Mr. Ding oversees the day-to-day operations including but not limited to manpower planning, technical solutions, strategies planning and value engineering. He also strategizes new project approach, value engineering and methodology as well as implements construction activities and project schedules to improve the project team to work effectively. Mr. Ding monitors and ensures good QA/QC, SMM and WSH to achieve good project delivery to our customers. Mr. Ding is currently a director of our subsidiaries, namely Flourishing Honour Limited and Ngai Chin Construction Pte. Ltd.

Mr. Ding joined the Group in July 1996 as a site supervisor where he was responsible for on-site supervision. He was promoted to operation director in January 2011. Mr. Ding obtained a diploma in electronics engineering from the French-Singapore Institute in July 1992 and a certificate in construction productivity management from the Building and Construction Authority in June 2014. He completed the bizSAFE Level 1 course in April 2008, bizSAFE Level 2 course in September 2012 and Post COVID-19 Restart Course for Safe Management Officer in July 2020.

Independent Non-Executive Directors

Mr. Gay Soon Watt ("Mr. Gay"), aged 70, was appointed as our independent non-executive Director on 30 March 2020. Until December 2017, Mr. Gay was the deputy chairman of Goodrich Global Holdings Pte. Ltd. and its subsidiary, Goodrich Global Pte. Ltd. ("**Goodrich Group**"). In March 1983, Mr. Gay co-founded Goodrich Group, which was engaged in the supply and installation of interior furnishings. Over the next 35 years, Mr. Gay grew Goodrich Group from a start-up to one of the leading interior furnishing players in Asia, with offices in Singapore, Malaysia, India, Indonesia, Thailand, Hong Kong and China. In 2001, Mr. Gay was appointed deputy chairman of Goodrich Group, managing over 120 employees. In 2013, Dymon Asia Private Equity, a Temasek linked company, took a 32.2% stake in Goodrich Group. In December 2017, Mr. Gay sold his 30.7% shareholding in Goodrich Group to a Japanese listed company, Sangetsu Corporation. Currently, Mr. Gay spends his time evaluating private equity investments and mentoring aspiring young entrepreneurs.

Mr. Wong Heung Ming Henry ("Mr. Wong"), aged 55 years old, has over twenty years' experience in advising multinational companies on finance, accounting, internal control, and corporate governance matters. Mr. Wong has served as an independent director of our Company since March 2020, and as the non-executive Chairman of the company since September 23, 2022, respectively.

From December 2024，Mr. Wong has served as an independent director of Intelligent Group Limited (Nasdaq: INTJ). From August 2024, Mr. Wong has served as an independent director of SAI.TECH Global Corporation (Nasdaq: SAIH). Since April 2023, Mr. Wong has served as the Chief Financial Officer and director of Aimei Health Technology Co., Ltd. (Nasdaq: AFJK). Mr. Wong has also served as an independent director of Nature Wood Group Limited (NWGL) since September 2023, and as an independent director of E-Home Household Service Holding Ltd (Nasdaq: EJH) since March 2023, and as an independent director of Ostin Technology Group Co., Ltd (Nasdaq: OST) since April 2022; in addition also as an independent director of Helens International Holdings Company Limited (9869HK) since August 2021. From June 2020 to March 2021, Mr. Wong served as Chief Financial Officer of Meten EdtechX Education Group Ltd. (currently known as BTC Digital Ltd.) (Nasdaq: BTCT). Prior to that, Mr. Wong worked for Deloitte Touche Tohmatsu (China) and PricewaterhouseCoopers (China) for an aggregate of more than 11 years. Mr. Wong obtained his Bachelor's degree in accountancy from the City University of Hong Kong in 1993 and his Master's degree in electronic commerce from the Open University of Hong Kong in 2003. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Tan Chong Huat ("Mr. Tan"), aged 61, was appointed as our independent non-executive Director on 7 October 2022. He is also the senior partner and one of the founding members of RHTLaw Asia LLP, a leading full services legal practice with an Asia Pacific presence. Mr. Tan is the non-executive chairman of RHT group of companies which is involved in the sectors such as Fintech & Financial Services, Training, Learning & Development, Consulting & Advisory and Wealth & Asset Management. Mr. Tan is also the chairman of China ASEAN Business Alliance, a regionally focused think tank and business network. He has been appointed as the chairman of the National Council Against Drug Abuse (NCADA) since 1 January 2024.

Mr. Tan has been appointed as an independent non-executive director and the non-executive chairman of Takbo Group Holdings Limited (a company listed on GEM of the Stock Exchange (stock code: 8436)) since 29 September 2017 and an independent non-executive director of Lingbao Gold Group Company Ltd. (a company listed on the Main Board of the Stock Exchange (stock code: 3330)) since 28 May 2021.

His experience and track record, set out below, as a leading finance and corporate lawyer, successful entrepreneur and investor, reputable corporate leader and public service champion, and dedicated law professor coupled with his strong practical and academic grounding throughout his career has made Mr. Tan the trusted go-to expert for regulatory issues, complex financing (corporate finance and project finance transactions, deals structuring, funding and matching, corporate governance and board matters, and reputational management matters for corporate leaders and major corporates in the region and internationally.

Mr. Tan was the deputy chairman of the Singapore Exchange (the "**SGX**") disciplinary committee and was a member of the appeals committee of SGX. He was a member of the first corporate governance council set up by the Monetary Authority of Singapore. Mr. Tan was involved in the regulatory applications, formation and operational set up of numerous leading financial institutions including the Investment Company of the People's Republic of China, a subsidiary of the People's Bank of China.

Mr. Tan has extensive experience in corporate, banking and project finance law in Singapore and the region and acted in numerous significant corporate transactions in the areas of initial public offerings, reverse takeovers, management buyouts, restructuring, mergers and acquisitions, and financing of major real estate and infrastructure in Asia. He has been named frequently a leading practitioner in many reputable professional publications, including IFLR1000 and Legal 500 Asia Pacific.

Mr. Tan has been helping business owners and family businesses throughout his successful career. He has advised Asian and European high net worth clients in their mergers and acquisitions, listing, divestment, business succession planning, probate, wealth and asset preservation and protection, and family governance. As a trusted go-to adviser, Mr. Tan has been appointed as administrator and trustee for the estate of his high net worth clients, as well as counsel in estate disputes involving families of leading Asian conglomerates.

Mr. Tan is a Fellow with the Singapore Institute of Directors and Hong Kong Institute of Directors. He has been appointed on the boards as non-executive chairman and independent director of listed companies in Singapore and Hong Kong. He also co-founded RHT group of companies which is a leading professional services group in Asia. The Financial Planning Association of Singapore has also conferred on Mr. Tan an honorary membership. Over the years, he has successfully invested in startups, small and medium-sized enterprises and listed companies. Notably, he is knowledgeable and passionate in blockchain, distributed ledger and related technologies, and cryptocurrencies having invested into 2 exchanges which apply the distributed ledger technology. Mr. Tan was recently appointed as a mentor for the 10th Lee Kuan Yew Global Business Plan Competition.

Mr. Tan is also active in public service and charity work. He was the chairman of RHT Rajan Menon Foundation which serves causes such as Arts, Disadvantaged Groups, Education and Sustainability. He is the president of the Singapore Golf Association. He is also a member of the International Affairs Committee of Singapore Chinese Chamber of Commerce & Industry. He also sits as a Lay Person on the Institute of Singapore Chartered Accountants' Investigation and Disciplinary Panel. Mr. Tan is a member of the Selection Panel of Singapore Institute of Management University Law School. He has also established a National University of Singapore Grant in favour of the Law Faculty under the name of his deceased father. An award named RHT Tan Chong Huat Corporate Crime Award has also been established by the School of Law, Singapore Management University.

Mr. Tan taught at the Law Faculty, National University of Singapore (AY 2007–2013), Business School, National University of Singapore (AY 2008/2009), Nanyang Business School, Nanyang Technological University (AY 2008–2012) and various other universities in Asia. Besides authoring two leading literature on PRC Investment laws, he has co-authored leading titles on Corporate Governance, and Corporate Finance Law.

Mr. Tan obtained a Bachelor Degree in Law at the National University of Singapore in June 1989 and a LLM from the University of London (as External Student) in December 2007. He is an advocate & solicitor of the Supreme Court of Singapore, and a Solicitor of each of the Supreme Court of New South Wales, Australia, Supreme Court of England & Wales and the High Court of Hong Kong.

SENIOR MANAGEMENT

Ms. Cheong Kuei Jung ("Ms. Cheong"), aged 51, is our chief financial officer of the Group. She is responsible for the financial planning, accounting operations and reporting as well as the taxation and internal control systems of our Group.

Ms. Cheong has over 20 years of experience in accounting and audit. Prior to joining the Group in October 2018, Ms Cheong worked as the financial controller for Hu An Cable Holdings Limited (stock code: K13), Sincap Group Limited (stock code: 5UN) and Mary Chia Holdings Limited (stock code: 50X), all listed on the Singapore Exchange Limited. She also worked as a group finance manager in Success Resources Pte Ltd and Asia Environment Holdings Limited. Prior to that, she worked with KPMG LLP as a senior assistant and was then promoted to manager. She was also an auditor with BDO International.

Ms. Cheong obtained a bachelor's degree of arts from the National University of Singapore in July 1998. She was admitted as an affiliate, member and fellow of the Association of Chartered Certified Accountants in August 2000, March 2004 and March 2009, respectively. Ms. Cheong has also been a member of the Institute of Certified Public Accountants of Singapore (non-practicing member) since November 2004 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Mr. Low Lek Hee ("Mr. Low"), aged 58, is the general manager of the Group and has been with the Group since November 1994.

Mr. Low has over 20 years of administrative experience in the interior fitting-out industry. Mr. Low started his career when he joined the Group in November 1994 as an account and human resources assistant. He left the Group in January 1995 to pursue further studies in Australia. He rejoined the Group in July 1998 as a general manager and is responsible for human resources and administrative matters of the Group. In this role, Mr. Low drives and implements human resources strategies and initiatives, works closely with department heads and is responsible for management of both operational and business-related human resources matters.

Mr. Low obtained an associate diploma of business in marketing from the Holmsglen Institute of Tafe in Australia in June 1998.

Mr. Tan Junda Anthony, aged 38, is the Managing Director of our subsidiary and has been an integral part of the organisation since 1 March 2016. He began his journey with the Group as a Project Executive, where he played a key supporting role in on-site supervision and project monitoring. Demonstrating strong leadership capabilities and in-depth operational understanding, Mr. Tan was promoted to Project Manager on 1 September 2019, assuming full responsibility for overseeing project lifecycles from initiation to completion.

On 1 Feb 2022, Mr. Tan was appointed as Production Director, where he assumed a broader scope of responsibilities including procurement and sourcing of materials and hardware, managing manpower allocation across the production team, supporting all custom-built furniture requirements for ongoing projects, and negotiating costs with subcontractors. He also took charge of job scheduling and workflow coordination across our four production teams.

In recognition of his outstanding contributions and operational expertise, Mr. Tan was promoted to Managing Director of Ngai Chin Construction Pte Ltd, our main operating subsidiary, on 1 February 2025. In this role, he oversees the day-to-day operations of the subsidiary and plays a pivotal role in driving its growth and strategic direction.

While Mr. Tan holds a GCE 'O' Level qualification, his career advancement is a testament to his deep industry knowledge, hands-on experience, and consistent performance in delivering operational excellence — qualities that are highly valued and respected within the construction and production sectors.

CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has devised its own code of corporate governance based on the principles and practices as set out in the CG Code.

In the opinion of the Directors, throughout the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the CG Code, except as disclosed in this Corporate Governance Report.

The Company has also put in place certain recommended best practices as set out in the CG Code.

DIRECTORS' AND RELEVANT PERSONS' SECURITIES TRANSACTIONS

The Company devised its own Code of Ethics and Securities Transactions regarding the code of conduct of Directors and relevant person (who are likely to be in possession of unpublished price-sensitive information of the Company) on dealings in the securities of the Company and its listed principal subsidiaries (the "**Company's Code**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Code throughout the year ended 31 December 2024.

No incident of non-compliance of the Company's Code by the relevant persons of the Company was noted by the Company during the year ended 31 December 2024.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The composition of the Board is as follows:

Executive Directors

Mr. Ding Hing Hui
Ms. Xiang Ying *(resigned with effect from 23 September 2024)*

Non-executive Director

Ms. Peng Shangfeng *(terminated with effect from 23 December 2024)*

Independent Non-Executive Directors

Mr. Gay Soon Watt
Mr. Wong Heung Ming Henry *(Non-executive Chairman)*
Mr. Tan Chong Huat

The biographical information of the Directors are set out in the section headed "Biography of Directors and Senior Management" on pages 11 to 14 of this report.

None of the members of the Board is related to one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held one meeting with independent non-executive Directors without the presence of other Directors during the year.

A summary of the attendance records of the Directors at the Board meetings held during the year is set out below:

Name of Directors	Attendance
Mr. Ding Hing Hui	7/7
Ms. Xiang Ying *(resigned with effect from 23 September 2024)*	2/3
Ms. Peng Shangfeng *(terminated with effect from 23 December 2024)*	4/5
Mr. Gay Soon Watt	7/7
Mr. Wong Heung Ming Henry	7/7
Mr. Tan Chong Huat	6/7

Independent Non-Executive Directors

During the year ended 31 December 2024, the Board at all times fulfils the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2024, all Directors has completed the independence evaluation individually.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election.

The executive Directors, Mr. Ding Hing Hui, has entered into a service contract with the Company for a term of three years commencing from the Listing Date (i.e. 7 May 2020) and shall continue thereafter, which may be terminated by not less than three months' notice in writing served by either party on the other.

Ms. Xiang Ying, the executive Director, and Ms. Peng Shangfeng, the non-executive Director, has entered into a service contract with the Company for a term of three years commencing from 18 October 2023 and shall continue thereafter, which may be terminated by not less than three months' notice in writing served by either party on the other. Ms. Xiang Ying resigned and Ms. Peng Shangfeng was terminated with effect from 23 September 2024 and 23 December 2024 respectively.

Each of the independent non-executive Directors, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry, has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date (i.e. 7 May 2020), and renewable automatically for successive terms of one year after the expiry of the then current term, which may be terminated by not less than one month's notice in writing served by either party on the other.

Mr. Tan Chong Huat, the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of one year commencing from 7 October 2022, and renewable automatically for successive terms of one year after the expiry of the then current term, which may be terminated by not less than one month's notice in writing served by either party on the other.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board should regularly review the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Group are delegated to the management.

The Company has arranged appropriate insurance coverage on the Directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Reading material on relevant topics would be provided to the Directors.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2024, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 31 December 2024 have been provided to the Company and are summarised as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Ding Hing Hui	B
Ms. Xiang Ying *(resigned with effect from 23 September 2024)*	B
Non-Executive Director	
Ms. Peng Shangfeng *(terminated with effect from 23 December 2024)*	B
Independent Non-Executive Directors	
Mr. Gay Soon Watt	B
Mr. Wong Heung Ming Henry	B
Mr. Tan Chong Huat	B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"), for overseeing particular aspects of the Company's affairs. All Board committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this report.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Heung Ming Henry, Mr. Gay Soon Watt and Mr. Tan Chong Huat. Mr. Wong Heung Ming Henry is the chairman of the Audit Committee. At least one of the committee members possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules and none of the committee members is a former partner of or has any financial interest in the Company's existing external auditors within two years before his/her appointment as a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment and renewal of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2024, the Audit Committee held two meetings to review, in respect of the half yearly results on the Group's performance, the internal audit issues and the result announcements with recommendations to the Board for approval.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Gay Soon Watt	2/2
Mr. Wong Heung Ming Henry	2/2
Mr. Tan Chong Huat	2/2

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Gay Soon Watt, Mr. Tan Chong Huat and Mr. Wong Heung Ming Henry. Mr. Gay Soon Watt is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2024, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and the remuneration packages of executive Directors and senior management.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Gay Soon Watt	1/1
Mr. Wong Heung Ming Henry	1/1
Mr. Tan Chong Huat	1/1

Details of the remuneration of the senior management by band are set out below:

	2024 Number of individuals
HK$500,001 to HK$1,000,000	1
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	1

Exchange rate for HK$/S$: 5.837

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Gay Soon Watt, Mr. Tan Chong Huat and Mr. Wong Heung Ming Henry. Mr. Tan Chong Huat is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including without limitation, gender, age, cultural and educational background, skills, knowledge, professional qualifications and industry experience) of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Under code provision B.3.1(a) of the CG Code, the Nomination Committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually.

During the year ended 31 December 2024, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of independent non-executive Directors, to consider the qualifications of the retiring Directors standing for re-election at the annual general meetings, to review the Board Diversity Policy and Director Nomination Policy of the Company, and to consider and recommend to the Board on the appointment of independent non-executive Director. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and will continue to achieve the measurable objective to implement the Board diversity policy.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Gay Soon Watt	1/1
Mr. Wong Heung Ming Henry	1/1
Mr. Tan Chong Huat	1/1

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance corporate governance and the Board effectiveness. The Company sees achieving and maintaining an appropriate balance of diversity perspectives at the Board level as relevant to its business growth and is an essential element in supporting the attainment of its strategic objectives and sustainable development goals.

In designing the Board's composition, Board diversity has been considered from a range of perspectives, including but not limited to gender, age, length of service, cultural and educational background, professional qualifications, skills, knowledge and industry experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the business needs of the Company from time to time.

Selection of candidates for appointment as the Directors will be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will also review the Board Diversity Policy annually, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account of our existing business model and the background and experience of the Directors, the Nomination Committee considered that the composition of the Board satisfies the Board Diversity Policy.

The Company's measurable objective is to achieve not less than one-fifth of the Board comprising of females and not less than one-half of our senior management comprising of females within two years.

The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	0.00% (0)	100.00% (4)
Senior Management	33.33% (1)	66.67% (2)
Other employees	12.06% (45)	87.94% (328)
Overall workforce	12.23% (46)	87.77% (330)

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 44 to 77 of this annual report.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of the Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria, process and procedures for the Nomination Committee to recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Attributes complementary to the Board;
- Business experience & Board expertise and skills;
- Availability;
- Integrity; and
- Independence.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Directors

1. The Nomination Committee, with or without assistance from human resources department and external agencies, identifies candidates in accordance with the selection criteria set out in the Director Nomination Policy.
2. The Nomination Committee evaluates the candidates and recommends to the Board the appointment of the appropriate candidate for directorship.
3. The Board decides the appointment based upon the recommendation of the Nomination Committee.
4. The letter of appointment or the key terms and conditions of the appointment should be approved by Remuneration Committee.
5. The company secretary or his or her designated delegate shall ensure all disclosure obligations under the Listing Rules and the Companies Ordinance in Hong Kong and liaise with Cayman secretarial service provider regarding the appointment or re-election are duly complied.

Re-election of Directors at General Meeting

1. The Nomination Committee reviews the overall contribution to the Company of the retiring Director.
2. The Nomination Committee also reviews and determines whether the retiring Director continues to meet the selection criteria set out in the Policy.
3. The Nomination Committee shall recommend to the Board which shall then make recommendation to shareholders in respect of the proposed re-election of Director at the general meeting.

The Nomination Committee will review the Director Nomination Policy periodically in line with the Company's strategy and recommend any proposed changes to the Board for approval, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended 31 December 2024 and up to the date of this report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Company has adopted the Corporate Governance Practice Manual which sets out the corporate governance standards and practices used by the Company to direct and manage its business and affairs. The Board will review the Corporate Governance Practice Manual, as appropriate, with a view to continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company is aiming to develop a sound risk management and internal control system for managing operational and financial risks. The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems in order to safeguard the interests of the shareholders and the assets of the Company against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The Board is responsible for reviewing the effectiveness and adequacy of the Group's risk management and internal control systems annually.

The Company has established a Risk Management Policy for the Group setting out the process of identification, evaluation and management of the principal risks affecting the business. Each division is responsible for identifying, assessing and managing risks within its divisions, as well as identifying and assessing the principal risks on a quarterly basis with mitigation plans to manage those risks. The management is responsible for overseeing the risk management and internal control activities of the Group, and for convening quarterly meetings with each division to ensure principal risks are properly managed and new or changing risks are identified and documented. The main features of the risk management and internal control systems together with the Risk Management Policy, risk register and an implementation framework, are to allow the Audit Committee and the Board to have a better overview of the Group's major business risks and how the Group's management had sought to monitor and mitigate them. The risk management framework, coupled with the Group's internal controls, ensures that the risks associated with different divisions are effectively controlled in line with the Group's risk appetite. The risk assessment report will be submitted to the Audit Committee and the Board for reviewing the effectiveness of the risk management and internal control systems and resolving any material internal control defects on an annual basis. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Whistleblowing Policy

The Company has adopted a Whistleblowing Policy to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in the practices and procedures, including financial reporting, internal control and other matters.

Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for the Directors and Senior Management to report any suspected corruption and bribery. Employees can also make anonymous reports to the reporting channels and process stated in the Company's Whistleblowing Policy.

The procedures for dissemination of inside information

The procedures and internal controls of the Company for handling and dissemination of inside information include conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by the Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding inside information.

During the year ended 31 December 2024, the Board reviewed the effectiveness of the Group's risk management and internal control systems and the above-mentioned policies/procedures.

The Group does not have an internal audit function within the Group. The Company engaged an external consultant, Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**"), to carry out internal audit function and had during the year ended 31 December 2024 conducted review of the effectiveness of the Group's risk management and internal control systems. The internal control review report was submitted to the Audit Committee and the Board for review. The Audit Committee has requested the management of the Group to follow up the recommendations of Baker Tilly to remedy the control issues identified or to further improve the internal control system of the Group.

Assessment of the sufficiency, effectiveness and adequacy of the Company's internal control policies in light of the audit qualification

In light of the audit qualification issued by the Auditor, the Board has assessed the sufficiency, effectiveness and adequacy of its existing internal control policies and has considered the following factors:

(1) The Company has long implemented its existing internal control policies including the policy in respect of financial reporting and disclosure. These internal control policies were reviewed by Baker Tilly as part of the Company's three-year internal audit plan and, based on the result of such review, there were no significant matters of high priority identified in the preceding three years ended 31 December 2024 and the internal control policies are still considered effective and adequate;

(2) The Company has been consistently applying the same set of internal control policies to the other subsidiaries of the Company since 2019 and no similar incident has occurred to these subsidiaries (with the exception of the Previous Subsidiary). This indicates that the circumstances leading to the audit qualification is an isolated occurrence. It does not reflect the overall sufficiency, effectiveness and adequacy of the Group's internal control policies and is not indicative of systemic issues within the system of internal controls;

(3) Despite the delegation of power to Ms. Peng Shangfeng ("**Ms. Peng**"), the Company had all along maintained a high level supervision of the circumstances. In response to Ms. Peng's uncooperative attitude and blatant disregard of the internal control policies of the Company, the Company had reacted appropriately by pushing for internal control compliance at the Previous Subsidiary, urging Ms. Peng and the local management team to provide additional information, arranging for an internal control audit of the Previous Subsidiary, removing Ms. Peng from the Board and ultimately disposing the Previous Subsidiary to minimise the Company's risks. These steps are in line with the Company's internal control policies; and

(4) The Company has all along engaged Baker Tilly as its internal control adviser since 2019 and it has not identified significant risk or internal control deficiency in the existing internal control of the Group as a whole.

The Board considers that the Company had used its best endeavours to adhere to its internal control policies, yet it was an unfortunate misjudgement in entrusting part of the process to someone who did not fulfil her duties. Based on the above, the Board considers that, given the audit qualification arose from the specific circumstances of the Previous Subsidiary, it is an isolated incident which is in no way indicative of level of sufficiency, effectiveness and adequacy of the Company's internal control policies. As such, the Board is of the view, and the Audit Committee concurs, that the Company's existing internal control policies are sufficient, effective and adequate.

As such, the Board considers the Group's risk management and internal control systems to be effective and adequate.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 78 to 84.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditor in respect of audit services and non-audit services for the year ended 31 December 2024 amounted to S$472,000.

An analysis of the remuneration paid and payable to the external auditor of the Company, Moore CPA Limited ("Moore"), in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	**Fees Paid/Payable** S$'000
— Non-audit services	
— Interim review	49
— Agreed-upon-procedures of preliminary results announcement	5
— Audit Services	418
	472

These non-audit services are engaged only as they are more effective or economical than those available from other service providers and will not constitute adverse impact on the independence of the external auditor. The nature and ratio of annual fees to external auditor for non-audit services and for audit services in 2024 have been scrutinised by the Audit Committee.

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson ("**Mr. Chu**") from APEC CORPORATE SERVICES LIMITED, being an external service provider, is acting as the company secretary of the Company.

Mr. Yu Cheeric James ("**Mr. Yu**") is acting as the company secretary of the Company with effect from 24 December 2024 after the resign of Mr. Chu.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Ms. Cheong Kuei Jung, the Chief Financial Officer of the Group, has been designated as the primary contact person at the Company which would work and communicate with Mr. Chu/Mr. Yu on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2024, Mr. Chu has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Any Shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong or via email not less than 15 business days prior to the date of the general meeting. The mail address and email address are set out in the subsection headed "Contact Details" below.

Putting Forward Enquiries to the Board

For enquiries about shareholdings, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, and the contact details are set out as follows:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Telephone: (852) 2980 1333
Email: is-enquiries@hk.tricorglobal.com

Shareholders may also make enquires via the online holding enquiry service at www.tricoris.com.

For enquiries about corporate governance or other matters to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal place of business in Hong Kong or via email/fax. The details are set out in the subsection headed "Contact Details" below.

Contact Details

Shareholders can send their proposals and enquiries as mentioned above to the Company as follows:

Address:	Unit B, 23/F., Yue Hing Building, 103 Hennessy Road, Wanchai, Hong Kong (For the attention of Company Secretary)
Telephone:	(852) 2598 0085
Fax:	(852) 2598 0026
Email:	jamesyu007@netvigator.com

For the avoidance of doubt, Shareholder(s) must deposit and send the duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Company will normally not deal with verbal or anonymous enquiries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, the Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at http://rafflesinterior.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

A copy of the M&A is posted on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rafflesinterior.com).

There was no change in the constitutional documents of the Company for the year ended 31 December 2024.

Shareholders Communication Policy

The Company has in place a Communication Policy for Shareholders and External Parties to ensure that Shareholders' and external parties' views and concerns are appropriately addressed. The policy is regularly reviewed by the Board to ensure its effectiveness. The Board has reviewed the implementation of the Shareholders Communication Policy during the year ended 31 December 2024 and considered that it was effectively implemented.

Dividend Policy

The Company has adopted a Dividend Policy on frequency, amount and form of payment of dividends and is available on the website of the Company. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

The dividend payout ratio will vary from year to year. The level of dividend payout is expected to be not less than 35% of the retained earnings before dividend declared but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as the Board may deem relevant at such time. There is no assurance that dividends will be paid in any particular amount for any given period.

REPORT OF DIRECTORS

The Directors are pleased to present their annual report together with the audited consolidated financial statements of the Group for year ended 31 December 2024 (the "**Financial Statements**").

PRINCIPAL PLACE OF BUSINESS

The headquarters and principal place of business of the Company is located at 5 Sungei Kadut Street 2, #01-02/03 Singapore 729227.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of its operating subsidiary, Ngai Chin Construction Pte Ltd, are provision of interior fitting-out service. The principal activities of the principal subsidiaries of the Group are set out in note 39 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024.

RESULTS/BUSINESS REVIEW

The results of the Group for the year ended 31 December 2024 are set out in the Financial Statements in this annual report. A review of the business of the Group for the year ended 31 December 2024, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and Financial Statements of this annual report. The review forms part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2024, as far as the Directors are aware, the Company did not have any non-compliance with relevant laws and regulations that is material or systemic in nature.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 17 to the Financial Statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year ended 31 December 2024 are set out in note 39 to the Financial Statements.

KEY RISK AND UNCERTAINTY

The principal risks and uncertainties facing the Group are set out in the sections headed "Management Discussion and Analysis" and "Environmental, Social and Governance Report" of this annual report. The financial risk is set out in note 34 to the Financial Statements.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 168 of this annual report. This summary does not form part of the Financial Statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out in the "Consolidated Statement of Changes in Equity" on page 89 of this annual report. As at 31 December 2023 and 31 December 2024, the Group has no reserves available for distribution.

DONATIONS

During the year ended 31 December 2024, the Group made charitable and other donations totalling HK$14,000.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Mr. Ding Hing Hui
Ms. Xiang Ying *(resigned with effect from 23 September 2024)*

Non-executive Director:

Ms. Peng Shangfeng *(terminated with effect from 23 December 2024)*

Independent Non-executive Directors:

Mr. Gay Soon Watt
Mr. Tan Chong Huat
Mr. Wong Heung Ming Henry

In accordance with article 84 of the Articles of Association of the Company, Mr. Ding Hing Hui and Mr. Tan Chong Huat would retire at the forthcoming 2025 annual general meeting of the Company ("**2025 AGM**"). Mr. Ding Hing Hui and Mr. Tan Chong Huat, being eligible, would offer themselves for re-election at the 2025 AGM.

The Company has received annual confirmations of independence from each of the independent non-executive Directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive Directors to be independent.

Biographical information of the directors of the Company and the senior management of the Group are set out on pages 11 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACT AND APPOINTMENT LETTER

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, except that, the initial fixed terms of Ms. Xiang Ying that stated in her letter of appointment was 3 years commencing from 18 October 2023, and thereafter will continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than three months' written notice served by either party on the other.

The non-executive Director has entered into a service contract with the Company for an initial term of three years commencing from 18 October 2023, and thereafter will continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than three months' written notice served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date, except that, the initial fixed term of Mr. Tan Chong Huat that stated in his letter of appointment was one year commencing from 7 October 2022 and thereafter shall continue year to year subject to retirement and rotation and re-election in accordance with the Articles of Association of the Company, unless terminated by not less than one month's written notice served by either party on the other.

None of the Directors, including those to be re-elected at the annual general meeting of the Company, has a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules were as follows:

(a) Interest in the Shares

Name of Directors	Long/short position	Nature of interest	Number of Shares and underlying Shares held	Percentage of shareholding in the Company
Mr. Ding Hing Hui	Long	Interest in controlled corporation	510,000,000	51%

Ultimate Global Enterprises Limited ("**Ultimate Global**") is legally and beneficially owned by the ultimate shareholders, namely, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively (collectively, the "**Ultimate Shareholders**"). Accordingly, by virtue of the SFO, Mr. Ding Hing Hui and Mr. Leong Wai Kit are deemed to be interested in the Shares held by Ultimate Global.

(b) Interest in the shares of associated corporations

Name of Director	Long/short position	Name of associated corporation	Nature of interest	Number of Shares held/ interested in	Percentage of shareholding interest
Mr. Ding Hing Hui	Long	Ultimate Global	Beneficial Owner	12	12%

Note: Ultimate Global is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the following persons had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholder	Long/Short position	Nature of interest	No of Shares and underlying shares held	Percentage of shareholding in the Company
Ultimate Global Enterprises Limited (Note 1)	Long	Beneficial Owner	510,000,000	51%
Mr. Lo Lek Chew (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Chua Boon Par (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Ding Hing Hui (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Leong Wai Kit (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Ng Foo Wah (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Low Lek Hee (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Mr. Low Lek Huat (Note 1)	Long	Interest in controlled corporation	510,000,000	51%
Ms. Ong Poh Eng (Note 2)	Long	Interest of spouse	510,000,000	51%
Ms. Neo Bee Ling, Pauline (Note 3)	Long	Interest of spouse	510,000,000	51%
Ms. Loke Yoke Mei (Note 4)	Long	Interest of spouse	510,000,000	51%
Ms. Lee Ling Wei (Note 5)	Long	Interest of spouse	510,000,000	51%
Ms. Sng Siew Luan, Emily (Note 6)	Long	Interest of spouse	510,000,000	51%
Ms. Lim Bee Peng (Note 7)	Long	Interest of spouse	510,000,000	51%
Ms. Pan LuLu (Note 8)	Long	Interest of spouse	510,000,000	51%

Note 1: Ultimate Global is the direct shareholder of the Company. Ultimate Global is legally and beneficially owned by the Ultimate Shareholders, namely, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah, each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% respectively. Accordingly, by virtue of the SFO, Mr. Lo Lek Chew, Mr. Chua Boon Par, Mr. Ding Hing Hui, Mr. Leong Wai Kit, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah are deemed to be interested in the Shares held by Ultimate Global.

Note 2: Ms. Ong Poh Eng is the spouse of Mr. Lo Lek Chew. Accordingly, Ms. Ong Poh Eng is deemed or taken to be interested in the shares in which Mr. Lo Lek Chew is interested in under the SFO.

Note 3: Ms. Neo Bee Ling, Pauline is the spouse of Mr. Chua Boon Par. Accordingly, Ms. Neo Bee Ling, Pauline is deemed or taken to be interested in the shares in which Mr. Chua Boon Par is interested in under the SFO.

Note 4: Ms. Loke Yoke Mei is the spouse of Mr. Ding Hing Hui. Accordingly, Ms. Loke Yoke Mei is deemed or taken to be interested in the shares in which Mr. Ding Hing Hui is interested in under the SFO.

Note 5: Ms. Lee Ling Wei is the spouse of Mr. Leong Wai Kit. Accordingly, Ms. Lee Ling Wei is deemed or taken to be interested in the shares in which Mr. Leong Wai Kit is interested in under the SFO.

Note 6: Ms. Sng Siew Luan, Emily is the spouse of Mr. Ng Foo Wah. Accordingly, Ms. Sng Siew Luan, Emily is deemed or taken to be interested in the shares in which Mr. Ng Foo Wah is interested in under the SFO.

Note 7: Ms. Lim Bee Peng is the spouse of Mr. Low Lek Hee. Accordingly, Ms. Lim Bee Peng is deemed or taken to be interested in the shares in which Mr. Low Lek Hee is interested in under the SFO.

Note 8: Ms. Pan LuLu is the spouse of Mr. Low Lek Huat and Accordingly, Ms. Pan LuLu is deemed or taken to be interested in the shares in which Mr. Low Lek Huat is interested in under the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed herein, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 38 to the Financial Statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or its holding company was a party, and in which a Director or an entity connected with a Director had a material interest, directly or indirectly subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of their subsidiaries had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONNECTED PARTY TRANSACTIONS

During the year ended 31 December 2024, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. Details of the significant related party transactions undertaken in the normal course of business are set out in the note 38 to the Financial Statements.

COMPETING INTERESTS

The controlling shareholders of the Company, the Directors and their respective close associates confirm that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 December 2024.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Kingsway Capital Limited ("**Kingsway**"), as at 31 December 2024, except for the compliance adviser agreement entered into between the Company and Kingsway dated 11 September 2024, none of Kingsway, its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association of the Company, every Director or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 30 March 2020. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. All employees, proposed employees (whether full time or part time employees, including Directors) of any member of the Group or any invested entity, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders and participants who has contributed or may contribute by way of the development and growth of the Group or any invested entity are eligible to participate in the Share Option Scheme (the "**Eligible Person**"). The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. The remaining life of the Share Option Scheme is 5 years. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 March 2020, and there is no outstanding share option as at 31 December 2024.

The maximum number of shares which can be awarded under the Share Option Scheme is 10% (i.e. 100,000,000 Shares) of the Shares in issue as at the date of this annual report. Upon acceptance of an offer for grant of option(s) under the Share Option Scheme, the participant shall pay HK$1.00 to our Company by way of consideration for the grant, which option(s) will be offered for acceptance for a period of 21 days from the date of grant.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time. As at 1 January 2024 and 31 December 2024, the total number of Shares available for issue under the Share Option Scheme were both 100,000,000 Shares, representing 10% of the issued share capital of the Company.

The number of shares that may be issued in respect of options granted under the Share Option Scheme for the year ended 31 December 2024 divided by the weighted average number of Shares in issue for the year ended 31 December 2024 is nil.

Unless approved by Shareholders in a general meeting, the amount of Shares which can be awarded to a substantial Shareholder or an independent non-executive Directors or their respective associates in the Share Option Scheme in the 12-month period up to and including the date of such grant for any particular aforementioned person in aggregate, is at maximum 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, of a maximum of HK$5.0 million.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person in the 12-month period up to and including such further grant would exceeds 1.00% of the total number of Shares in issue, unless the grant has been approved by Shareholders' resolution in general meeting, a circular regarding the grant has been dispatched to the Shareholders, and the number and terms of the options to be granted are fixed before shareholder approval is sought.

The subscription price for the Shares subject to any particular option granted under the Share Option Scheme shall be such price as determined by our Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option(s), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option(s); and (iii) the nominal value of a Share on the date of the grant of the option(s).

The Board may in its absolute discretion determine, save that the exercise period shall not be more than 10 years from the date of grant.

EQUITY-LINKED AGREEMENTS

Except for the Share Option Scheme disclosed above, and the interest-free convertible note in the principal amount of HK$25,500,000 issued for the purpose of satisfying the consideration for acquisition of the 51% equity interest in the Previous Subsidiary, no equity-linked agreement subsisted at the end of the year ended 31 December 2024 or was entered into during the year ended 31 December 2024. The Company has instructed a counsel to issue a writ against the vendor of the Previous Subsidiary seeking, among others, a declaration that the convertible note be cancelled and/or void or that the vendor be not entitled to exercise any right under the convertible note. For more details, please refer to the paragraph headed "Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies" in this report.

CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for approximately 10.9% and 27.3% (2023: approximately 10.9% and 26.9%) respectively of the Group's total purchases. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 22.1% and 64.0% (2023: approximately 33.2% and 69.3%) respectively of the Group's total revenue for the year ended 31 December 2024. To the best of the Directors' knowledge, none of the Directors and none of the Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) and none of their respective close associates had any material beneficial interest in the Group's five largest customers or suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group has maintained good relationship with our employees. The Group offers to our employees' salary, bonuses and other allowances. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

Customers

The Group has established stable business relationships with our major customers which include Professional Consultants and multinational corporations. The Directors consider that our long-term business relationships with our major customers and suppliers would further enhance our market recognition and enable us to attract more potential business opportunities as all our customers were either our existing customers or referred to us by past customers or Professional Consultants.

Suppliers and Subcontractors

The Group maintains an internal list of approved suppliers. We carefully evaluate the performance of our suppliers and select them based on a number of factors such as pricing, quality of material or equipment provided, timeliness of delivery and ability to comply with our requirements and specifications. The Group will review and update our internal list of approved suppliers according to our assessment of their performance on an ongoing basis.

The Group maintains an internal list of approved subcontractors. We carefully evaluate the performance of our subcontractors and select subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations. The Group will review and update our internal approved list of subcontractors according to our assessment of their performance on an ongoing basis.

The Group is accountable to customers for the works performed in a project, including those carried out by our subcontractors.

RETIREMENT SCHEME

The Group participates in the central provident fund, which is a comprehensive social security system that enables working citizens and permanent residents to set aside funds for retirement. Save as the aforesaid, the Group did not participate in any other pension schemes during the year ended 31 December 2024.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors have been reviewed by the Remuneration Committee, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the years ended 31 December 2024 and 31 December 2023 are set out in notes 10 and 11 to the Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient minimum public float under the Listing Rules for the year ended 31 December 2024 and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association of the Company and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to existing Shareholders by reason of their holdings in the Shares.

DIVIDEND POLICY

The Company has adopted a Dividend Policy which sets forth the Company's approach when considering the payment of dividends and to allow Shareholders to participate in the Company's profits whilst retaining adequate reserves for the future growth of the Group and provided that the Group records profits and that the declaration and payment of dividends does not affect the normal operations of the Group.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the actual and expected financial results of the Group; general economic and financial conditions and other internal or external factors that may have an impact on the business or financial performance of the Group; the business strategies, including future commitments and investment needs to sustain the growth of the business; the expansion and acquisition plan of the Group; the current and future operations, liquidity and capital requirements of the Group; statutory and regulatory restrictions; interests of Shareholders as a whole; and any other factors that the Board deems appropriate. The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations and the Articles of Association of the Company. The dividend policy will be reviewed by the Board from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

DIVIDEND

The Board has not declared or paid interim dividends during the year ended 31 December 2024.

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” on pages 15 to 31 in this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the Financial Statements.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Moore who retire and, being eligible, offer themselves for re-appointment.

CHANGE OF AUDITOR

There was no change in the auditor of the Company in the preceding three years.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Friday, 23 May 2025, and the notice of the 2025 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 May 2025.

On behalf of the Board
Wong Heung Ming Henry
Non-executive chairman, and independent non-executive director

Singapore, 28 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Board of Directors (the "**Board**") of Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**"), is pleased to present the Group's Environmental, Social and Governance ("**ESG**") report (this "**Report**") for the financial year ended 31 December 2024 ("**FY2024**").

At the core of our operations, the Board of Directors plays a crucial role in overseeing the Group's commitment to ESG principles. This oversight includes the identification, evaluation, and management of ESG risks and opportunities, ensuring the integration of sustainability into the Group's overall strategy.

Our sustainability journey is guided by the understanding that strong ESG performance is integral to our long-term business success. The Board has ensured that robust risk management frameworks are in place, enabling the Group to navigate the evolving landscape of environmental and social challenges. We have worked diligently to align our operations with both regulatory requirements and best industry practices, ensuring that the impact of our projects on the environment and local communities is minimised.

In FY2024, the Group continued its commitment to environmental sustainability by implementing measures to reduce our carbon footprint, conserve resources, and decrease waste generated across our projects. These efforts reflect our commitment to mitigating the environmental impact of our operations and promoting sustainability within the industry.

In addition to our environmental efforts, the Group remains dedicated to fostering a workplace culture centred on health, safety, and wellbeing. We will continue to enforce strict safety protocols and engage in regular site inspections to uphold the highest standards of safety for all parties involved in our projects.

Further, the Board is deeply committed to maintaining transparency and ethical business practices across the Group. This commitment is reflected in our internal controls, training programmes for employees, and clear governance policies that guide our decision-making processes. We continue to build trust with our stakeholders by ensuring that all business activities are conducted with integrity and responsibility.

Looking ahead, we are committed to continually improving our ESG performance, with a focus on reducing our environmental footprint, promoting social responsibility, and maintaining the highest governance standards. Through collaboration with our stakeholders and ongoing investment in sustainability initiatives, we aim to achieve tangible, measurable results in the coming years.

Yours faithfully,
For and on behalf of the Board
Mr. Wong Heung Ming Henry
Non-executive chairman and Independent Non-Executive Director

ABOUT THIS REPORT

Overview

The ESG report presents a summary of the Group's approaches, measures and performances related to its environmental, social and governance issues for the financial year ended 31 December 2024. The Report presents the Group's environmental-, social- and governance-related impacts arising from its business operations in the interior fitting-out industry; and the measures and performance of the Group to achieve the balance between profitability and sustainability.

Reporting Scope

The ESG Report discloses information on the Group's business activities in Singapore and Malaysia, which is made up of (i) project and construction management of interior fitting-out services; and (ii) designing, manufacturing and supplying of carpentry, joinery items and integral fixtures.

Reporting Basis and Principles

This Report has been prepared in accordance with the *ESG Reporting Code* ("**ESG Code**") as set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("**HKEx**"). This Report has complied with all mandatory disclosure requirements and "comply or explain" provisions outlined in the ESG Guide.

ESG Working Taskforce

The Board of Directors continues to direct the Group's ESG strategies and evaluate the performances for the Group. The Group has established the ESG working taskforce (the "**Taskforce**"), which is made up of key management personnel from various departments. The Taskforce is responsible for identifying the Group's material ESG risks, collating the relevant information and reporting the ESG performances to the Board of Directors.

Feedback

The Group respects all stakeholders' views on the ESG Report and welcome opinions or suggestions which can be shared with us at nc@ngaichin.com.sg.

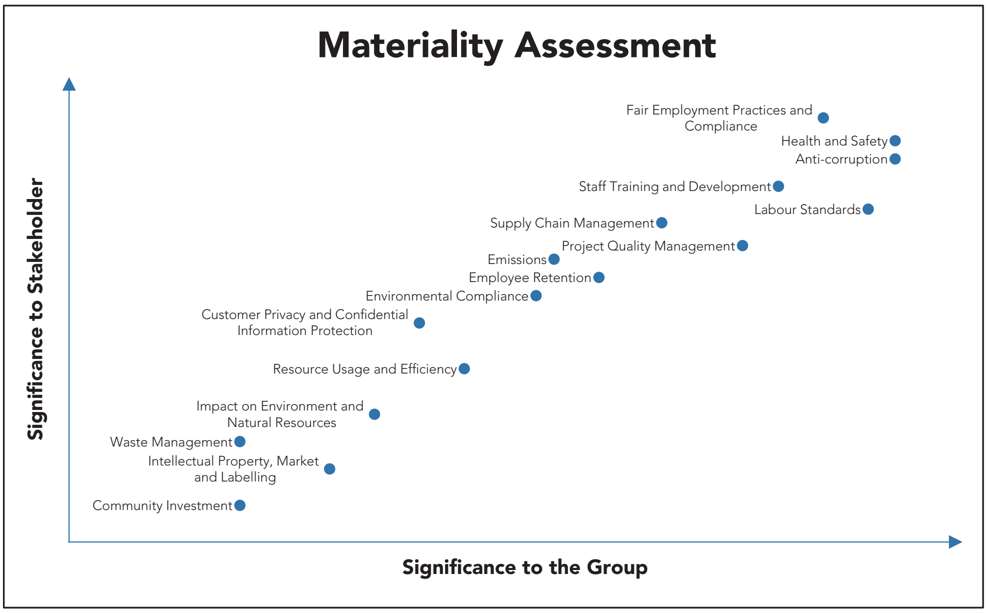
ESG REPORTING PRINCIPLES

The ESG Report is prepared based on the principles of "Materiality", "Quantitative", "Balance" and "Consistency". This Report covers key issues that are related to different stakeholders, and we endeavour to provide honest and reliable information in the Report.

Materiality Assessment

The Taskforce discusses and identifies the key environmental, social and governance issues of concern to the Group's key stakeholders, by considering their impact on the business, economy, environment, and people, through a materiality assessment process. The identified ESG topics were validated by the Board, and the assessment results contribute to the development of the Group's sustainability strategy, initiatives, and goals.

Subsequently, each ESG topics was placed and ranked on a materiality matrix, as shown below, with its relative position determined by its significance to stakeholders and the Group's operations. There have been no changes to the material topics for FY2024. The 16 key ESG material topics, each with varying degrees of importance to the Group, are further detailed in this Report.



Quantitative

This Report illustrates the Group's sustainability performance through quantitative disclosures in the subject areas of "1: Our Environment" and "2: Our People" for the Reporting Period. These disclosures are presented with specific and measurable numbers. Where applicable, comparative data from the previous reporting period is also included. Further details on the quantitative data and methodologies adopted can be found in the relevant sections of this Report.

Consistency

The approach to data collection and disclosure corresponding to the ESG Guide, along with the related calculation methodologies, has remained unchanged from previous reports. This ensures the comparability of the Group's ESG performance across reporting periods.

STAKEHOLDER ENGAGEMENT

Throughout FY2024, the Group has consistently engaged with its stakeholders, both formally and informally, recognising the importance of open and transparent communication. By actively seeking to understand their expectations and concerns, the Group aims to foster strong, long-lasting relationships with its stakeholders. Internal and external stakeholders are integral to the Group's success, and their perspectives play a crucial role in shaping its sustainable business objectives.

The following table summarises stakeholders' engagement activities, along with their key concerns related to sustainability. This approach ensures the Group remains responsive to evolving stakeholders needs while aligning its practices with broader industry expectations:

Stakeholders	**Communication Channel**	**Feedback/Concerns**
Employees	• Employee training programmes • Feedback platform • Performance review	• Remuneration and benefits • Fair employment practices • Safe and healthy workplace • Job security • Career development opportunities
Customers	• Email • Tele-conversation • Project progress meetings	• Quality and reliable services • Timely response to customer requirements • Protection of confidential information
Suppliers and subcontractors	• Email • Tele-conversation • Management meeting	• Long-term cooperation • Fair and equal treatment of suppliers • Timely payments to suppliers
Regulatory authorities	• Written or electronic correspondences	• Compliance with laws and regulations, including listing rules in HKEx • Safe work environment • Fair employment practices
Shareholders and investors	• Annual general meetings and other shareholder meetings • Annual reports and financial result announcements • Announcements and circulars	• Sustainable profitability and shareholder returns • Timely and transparent financial reporting • Sound corporate governance
Local Communities	• Volunteering and participating in charitable events	• Corporate citizen • Contribution to society

1: Our Environment

The Group's operations are primarily based in Singapore and Malaysia, with minimal environmental impact and limited exposure to climate-related conditions. Its primary emissions consist of dust and non-hazardous waste, with no release of hazardous or illegal substances into the air, water, or land.

Nevertheless, the Group remains committed to environmentally responsible operations and the implementation of sustainable practices to support long-term business resilience. Furthermore, it actively promotes stakeholder awareness of responsible resources use to minimise potential environmental impacts.

1.1: Environmental Compliance

The Group is required to follow the environmental laws and regulations in Singapore, including but not limited to:

1. Building Control (Environmental Sustainability) Regulations;
2. Building Control Act (Chapter 29);
3. Environmental Protection and Management Act (Chapter 94A);
4. Environmental Public Health Act (Chapter 95);
5. Sewerage and Drainage Act (Chapter 294); and
6. Energy Conservation Act (Chapter 92C).

As the Group has manufacturing factory in Malaysia for production of carpentry/joinery items, it is also subjected to compliance with the Environmental Quality Act of Malaysia. During FY2024, the Group was not aware of any reported non-compliance with the relevant environmental laws and regulations in Singapore and Malaysia.

1.2: Environmental Management Policies and Strategies

The Group has implemented the latest version of its Environmental, Health and Safety Management System ("**EHSMS**"), which was reviewed and updated in January 2024. The EHSMS comprises guidelines and practical measures to ensure compliance with environmental protection standards, which the Group's employees, suppliers, and subcontractors are required to follow.

1.3: Emissions

Air Dust

The Group's interior fitting-out projects are conducted within buildings; therefore, air pollutant emissions from its business operations are minimal. The primary source of air pollution is dust generated at project sites and within the manufacturing facility. A range of measures has been implemented to effectively control and reduce dust emissions:

Location	**Dust Control Measures**
Project sites	• Installation of mechanical ventilator fan and dust collector machine to exhaust dust in project worksites. • Scheduling air purging when necessary. • Performing Indoor Air Quality ("**IAQ**") assessment at project worksites. • Conduct daily mass housekeeping at project worksites.
Factory	• Utilisation of saw-cutting machine equipped with gas vacuum to exhaust dust in production areas. • Keep the factory airy and ventilated. • Conduct housekeeping at production areas twice per day.

Motor Vehicles

Fuel consumption from motor vehicles is another source of air pollution. There were total of 15 motor vehicles in the year ended 31 December 2024.

The following measures have been implemented to reduce the fuel consumption from motor vehicles:

- Purchase or lease motor vehicles of EURO 6 Emission Standard;
- Switch off the engine whenever the vehicle is idling;
- Examine and obtain certification for the vehicles per Section 90 of Road Traffic Act; and
- Perform regular vehicle maintenance to ensure optimal engine performance and fuel use.

The total air pollutants emissions from motor vehicles during FY2024, compared to FY2023 and FY2022, are presented below:

Air Pollutant Emissions	Unit	Amount (FY2024)	Amount (FY2023)	Amount (FY2022)
Nitrogen oxides ("**NO_x**")[1]	Tonnes	**0.222**	1.339	3.288
Sulphur oxides ("**SO_x**")	Tonnes	**0.001**	0.001	0.016
Particulate matter ("**PM**")[1]	Tonnes	**0.022**	0.079	0.326
Total	Tonnes	**0.245**	1.419	3.630

Greenhouse Gas Emissions

The primary sources of Greenhouse Gas (GHG) emissions are fuel consumption from motor vehicles (Scope 1) and purchased electricity (Scope 2). The Group's GHG emission data for FY2024, in comparison to FY2023 and FY2022, is presented below:

GHG Emissions[2]	Unit	Amount (FY2024)	Amount (FY2023)	Amount (FY2022)
Scope 1 — Direct GHG emissions	tCO_2e[3]	**186.36**	194.19	232.51
Scope 2 — Indirect GHG emissions	tCO_2e[3]	**194.54**	218.56	226.65
Total	tCO_2e	**380.90**	412.75	459.16
Intensity	tCO_2e per million SGD revenue	**8.08**	4.53	6.96

Notes:

1 The calculation of NOx and PM gas emission require the inclusion of the total travelling distance accumulated from all vehicles. An estimation of the travelling distance was obtained based on the make and model of the respective vehicles, which further derived with the fuel economy, measured in "L/100KM". The data was obtained from the Singapore Government Official (Land Transport Authority) website: https://vrl.lta.gov.sg/lta/vrl/action/pubfunc?ID=FuelCostCalculator. The estimated travelling distance was then calculated as: (1/fuel economy) x total fuel consumption.

2 GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report? — Appendix II: Reporting Guidance on Environmental Key Performance Indicators ("**KPIs**")" issued by the Hong Kong Stock Exchange, the "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2023 (AR6) and the Electricity Grid Emission Factors and Upstream Fugitive Methane Emission Factor issued by the Energy Market Authority of Singapore.

3 tCO_2e is defined as tonnes of carbon dioxide equivalent.

Target for FY2024	Performance
Reduce GHG emission intensity by 5% from the FY2020[1] baseline by raising awareness among drivers about fuel savings and purchasing energy-efficient motor vehicles.	GHG emission intensity has increased by 51% from the FY2020 baseline. However, total GHG emissions have been progressively reduced since FY2022.

Short-term Target (1–2 years)
Reduce GHG emission intensity by 5% each from the FY2020 baseline.

Medium-term Target (by 2030)
Reduce GHG emission intensity by 20% from the FY2020 baseline.

Long-term Target (by 2050)
Achieve to reach net-zero emissions as in alignment with Singapore's national climate goals.

1.4: Waste Management

Hazardous Waste Management

During the construction of interior fitting-out projects, hazardous chemicals such as adhesives, paints, plasters, and sealants are used. Suppliers provide material safety data sheets, and our workers and subcontractors receive training on the safe handling of these substances. As responsible environmental stewards, the Group upholds a strict zero-hazardous waste policy, ensuring that no pollution results from hazardous waste.

During FY2024, the Group did not produce any material hazardous waste, as defined under the Environmental Public Health (Toxic Industrial Waste) Regulations 1988 of Singapore.

Non-hazardous Waste Management

The Group generates various types of non-hazardous waste from its project sites and manufacturing facility, including scrap metal, wood, and partitions. As part of its commitment to environmental responsibility, the Group actively promotes the reuse and recycling of construction materials wherever feasible in its operations.

Construction and production waste are stored in designated containers at project sites and within the manufacturing facility, where they are labelled and segregated for appropriate disposal. The Group engages licensed waste disposal vendors who comply with the National Environment Agency of Singapore ("**NEA**") guidelines for waste collection and separation.

Within its corporate office, the Group advocates for environmentally friendly practices to reduce paper consumption. Measures include reusing scrap paper, implementing electronic systems to minimise paperwork, and fostering a paperless office culture.

1 In FY2020, total GHG emissions, including Scope 1 and Scope 2, were 341.64 tCO_2e. The GHG intensity was 5.34 tCO_2e per million SGD revenue.

1.5: Water Use and Efficiency

Water consumption plays a crucial role in the Group's business operations, particularly in delivering interior fitting-out services. Although Singapore maintains a high level of water security through its Four National Taps Programme, the Group recognises that water is a finite and valuable resource. As a socially responsible organisation, the Group remains dedicated to water conservation and actively promotes sustainable water management practices.

The Group has adopted the following measures to encourage good practice of water savings:

1. Reuse of wastewater at project sites when practicable.
2. Ensuring that there are no leaking faucets and reporting for repair as soon as leakages are identified.
3. Placement of water-saving posters at the project sites, the manufacturing factory, dormitory, and office premises.
4. Adoption of water-efficient fixtures and fittings, such us Public Utilities Board ("**PUB**") Water Efficiency Labelling Scheme ("**WLES**") products.

The Group encounters no difficulties in obtaining water for its business operations in Singapore and Malaysia. The Group's water consumption data during FY2024, in comparison to FY2023 and FY2022, is presented below:

Water Consumption	**Unit**	**Amount (FY2024)**	Amount (FY2023)	Amount (FY2022)
Singapore office	m^3	**12,645**	17,854	10,349
Malaysia office	m^3	**1,459**	1,530	998
Total	m^3	**14,104**	19,384	11,347
Intensity	m^3 per million SGD revenue	**299.32**	212.59	171.92

1.6: Energy Use and Efficiency

The Group acknowledges the significance of energy conservation, as it not only minimises its carbon footprint but also contributes to cost efficiency. Committed to sustainability, the Group actively implements effective measures to optimise energy consumption.

The Group has introduced the following initiatives to raise awareness of energy conservation among employees, vendors, and contractors:

1. Switching off unnecessary electrical appliances when not in use.
2. Installing energy-efficient fixtures and fittings, such as LED lights and motion sensors.
3. Daily on-site monitoring of energy consumption.
4. Daily checking to ensure lights are switched off after working hours.
5. Performing regular cleaning and maintenance of refrigerators to minimise refrigerant lost.

The Group's energy consumption figures for FY2024, in comparison with FY2023 and FY2022, are detailed below:

Type of Energy	**Unit**	**Amount (FY2024)**	Amount (FY2023)	Amount (FY2022)
Diesel	kWh	**757,357**	756,687	967,834
Electricity	kWh	**416,244**	531,453	484,956
Total	kWh	**1,173,601**	1,288,140	1,452,790
Intensity	kWh per million SGD revenue	**24,907**	14,127	22,012

The Group has set targets for water and energy consumption, as outlined below:

Target for FY2024	**Performance**
Reduce water and energy consumption intensities[2] by 5% from the FY2020 baseline by enhancing employee awareness and increasing the use of energy-saving equipment.	Water consumption intensity increased by 55%, and energy consumption intensity increased by 44% from the FY2020 baseline. However, water consumption intensity has been progressively reduced since FY2022.

Short-term Target (1–2 years)

Reduce water and energy consumption intensities by 5% each from the FY2020 baseline.

Medium-term Target (by 2030)

Reduce water and energy consumption intensities by 25% from the FY2020 baseline.

Long-term Target (by 2050)

- Adopt renewable energy and/or a smart energy management system.
- Increase the adoption of water-efficient fixtures and equipment to minimise waste and improve efficiency.

2 In FY2020, the water and energy consumption intensities were 192.60 m^3 per million SGD revenue and 17,260 kWh per million SGD revenue respectively. (water consumption: 12,327 m^3 and energy consumption: 1,104,668 kWh).

1.7: Impact on Environment and Natural Resources

The Group acknowledges that its construction activities may cause inconvenience to the public and is committed to minimising any negative environmental impacts resulting from these activities. As part of efforts to mitigate the identified material impacts on the environment, the following control measures have been implemented:

Environmental Impact	Key Control Measures
Noise and vibration pollution	• A Noise Management Plan is created for each construction project. • Noisy work is scheduled during permitted hours (07:00 to 19:00) and not on public holidays or Sundays. • Noise levels are monitored at all times, and immediate action will be taken if noise levels reach alert levels.
Pest infestation	• Periodic in-house disinfection spraying at worksites. • Periodic pest inspections performed at worksites.
Public safety	• Notices and signs are placed around the worksites to indicate walkways for the public.
Public disturbance	• For project sites near residential areas, notices will be placed to inform residents of work commencement. • Banners and notices will include feedback hotline for the public to provide feedback on environmental infringements.

1.8: Climate Change

As part of Singapore's commitment to achieving net-zero emissions by 2050, in line with the Paris Agreement, the Group recognises the need to minimise its ecological footprint and operate sustainably. In support of the nation's Green Plan 2030, the Group is committed to responsible energy consumption and the reduction of GHG emissions within its business activities.

Governance

The Board of Directors provides oversight and guidance on climate-related strategy and risk management. As part of this governance structure, the Board offers direction on climate initiatives and considers climate-related risks and opportunities in decision-making processes. Senior management supports the implementation of climate-related measures, monitors progress, and integrates sustainability considerations into daily business operations.

Strategy

The Group recognises the growing impact of climate change on business operations and has begun integrating climate considerations into strategic planning. Efforts include reviewing existing operations to identify areas where energy efficiency can be improved, exploring sustainable practices, and assessing ways to reduce carbon emissions.

As part of its commitment to sustainability, the Group is taking steps to integrate climate-related initiatives into overall practice. Climate-related strategies will be progressively developed to enhance operational efficiency and contribute to long-term value creation. The Group aims to foster internal awareness of climate-related issues and encourage collaboration with stakeholders to explore practical solutions for mitigating climate risks.

The Group identified the following climate-related risks and opportunities and their impact on its business:

Climate-related Risk Type	Impact
	Physical Risks
Chronic*: Rising mean temperatures*	• A 1-degree Celsius increase can result in higher energy consumption to maintain comfortable indoor temperatures, leading to higher electricity bills and higher operating costs. • Increased thermal stress, posing a health risk for our employees working on projects which require prolonged outdoor exposure. • Lower work productivity.
	Transition Risks
Policy and Legal	• Increased operational costs as a result of higher prices for energy and utilities, which can lead to higher overhead expenses.

These climate-related risks are considered, assessed, and managed to ensure that these risks remain within our risk appetite. The table below illustrates our key mitigation strategies:

Climate-related Risk Type	Mitigating Measures
Chronic: *Rising mean temperatures*	• Enhanced energy efficiency in our operations. Please refer to Section 1.6: *Energy Use and Efficiency* for further details.
	Transition Risks
Policy and Legal	• Participate in industry collaborations to shape climate policies. • Foster a culture of sustainability through training and awareness programmes.

Risk Management

Managing climate-related risks is an important consideration for the Group. Efforts are being made to identify and address potential climate risks that may impact operations, including regulatory changes, supply chain disruptions, and environmental factors such as rising mean temperatures and extreme weather events. As part of its risk assessment, the Group is reviewing the financial and operational implications of climate change to develop a structured and practical approach to climate resilience.

2: Our People

The Group endeavours to deliver high-quality interior fitting-out services to its customers while fostering a fair, open, inclusive, and collaborative working environment for its valued employees.

Additionally, the Group upholds high standards of health and safety across project sites, manufacturing facilities, corporate offices, and dormitories, ensuring a safe, rewarding, and supportive environment for employees to work and live.

2.1: Employment Policies and Practices

The Group has established the Employee Handbook, along with Human Resource Policies and Procedures, to safeguard employees' rights and welfare while fostering consistent and conducive employment and payroll practices.

Employee Handbook
• Requirements on general conduct, dress code, attendance, confidentiality, business gifts and disciplinary procedures. • Guidelines on employee remuneration, bonus, increment. • Leave benefits such as annual sick leave, hospitalisation leave, marriage leave etc. • Employee responsibilities on use of office equipment and security.

Human Resource Policies and Procedures

- Manpower budgeting, recruitment, resignation and termination.
- Staff record maintenance, staff allowance and claims.
- Leave processing, payroll processing and disbursement.
- Performance evaluation and training.

During FY2024, the Group was not aware of any reported breaches of employment-related laws and regulations, including but not limited to the Employment Act (Chapter 91) and the Employment of Foreign Manpower Act (Chapter 91A) of Singapore, as well as the Employment Act 1955 of Malaysia.

2.2: Employment Management

Recruitment and Dismissal

The Group is committed to fostering a positive corporate culture by ensuring fair and merit-based recruitment. New hires are assessed based on their relevant skills, experience, and potential through a robust and transparent recruitment process. The Group values the expertise of senior personnel as well as the enthusiasm and adaptability of younger candidates.

Unfair and wrongful dismissal is strictly prohibited. Employee terminations occur only in cases of criminal wrongdoing, serious misconduct, unethical behaviour, or corrupt practices.

Equal Opportunity, Diversity and Anti-discrimination

The Group firmly believes that a diverse and inclusive working culture enhances business growth and development. Recruitment, promotion, and bonus practices are conducted without bias, regardless of employees' nationality, gender, age, race, religion, or sexual orientation. All employees are valued for their contributions and are treated with fairness, respect, and dignity.

The Group acknowledges and addresses every complaint, grievance, and concern raised by employees. A zero-tolerance policy is enforced against discrimination, abuse, and sexual harassment — whether physical or verbal — on the basis of gender, physical or mental condition, race, nationality, religion, age, family status, or sexual orientation.

The Group has employees based in both Singapore and Malaysia. As of 31 December 2024, the employee headcount stands at 376, with employee profiles for FY2024 compared to FY2023 and FY2022 as shown below:

Workforce	**No. of headcount (FY2024)**	No. of headcount (FY2023)	No. of headcount (FY2022)	**% of total headcount (FY2024)**	% of total headcount (FY2023)	% of total headcount (FY2022)
By Gender						
Male	**330**	338	348	**88**	86	89
Female	**46**	53	43	**12**	14	11
By Age Group						
18–30 years old	**137**	142	155	**36**	36	40
31–50 years old	**186**	199	193	**50**	51	49
Over 50 years old	**53**	50	43	**14**	13	11
By Geographical Regions						
Singapore	**349**	372	372	**93**	95	95
Malaysia	**27**	19	19	**7**	5	5
By Employment Type						
Permanent	**376**	391	391	**100**	100	100
Contract/Part-time	**0**	0	0	**0**	0	0

2.3: Employee Retention

Remuneration and Compensation

The Group offers competitive compensation packages based on an individual's job performance, skills, expertise, and professional qualifications, ensuring the attraction and retention of employees.

Additionally, the Group has purchased the Work Injury Compensation Insurance Policy, in compliance with the requirements of the Work Injury Compensation Act (Chapter 354) of Singapore. This policy provides coverage for employees in the event of workplace injuries or illnesses sustained while performing their duties.

Staff Benefits and Welfare Activities

The Group is committed to motivating employees by providing attractive benefits and support, including monthly allowances, expense reimbursements, and medical benefits.

Additionally, the Group encourages activities that promote social engagement, recreation, and health awareness to strengthen bonds among employees. Various events, such as festive celebrations for employees from different ethnic backgrounds, have been organised to enhance morale and foster a sense of belonging within the organisation.

During FY2024, the total number of employee resignations stood at 42. A comparison of turnover profiles for FY2024, FY2023 and FY2022 is presented below:

Employee turnover	**FY2024 Percentage (%)**	FY2023 Percentage (%)	FY2022 Percentage (%)
By Gender			
Male	**11**	27	34
Female	**15**	13	56
By Age Group			
18–30 years old	**7**	42	28
31–50 years old	**15**	49	44
Over 50 years old	**9**	7	33
By Geographical Region			
Singapore	**12**	24	38
Malaysia	**3**	42	0

2.4: Health and Safety

The Group's Environment, Health, and Safety Management System ("**EHSMS**") has been established and certified under ISO 45001:2018.

Within the Group, the Health & Safety Committee has been formed, with designated Safety Coordinators appointed under documented terms of reference. Additionally, periodic inspections are conducted by Safety Coordinators to ensure compliance with safety standards.

The EHSMS serves as a framework for implementing safety standards and practices, aimed at mitigating workplace health and safety risks.

The EHSHS has outlined the following:

1. Management and employees' roles and responsibilities;
2. General safe work practices;
3. Hazard analysis/risk assessment;
4. Violations and Infringements;
5. Environmental, Health and Safety ("**EHS**") training;
6. Housekeeping;
7. Personal Protection Equipment ("**PPE**");
8. Material storage, handling and disposal;
9. Safety training;
10. Group meetings (i.e., site meeting, tool-box meeting and safety committee meeting);
11. Safety inspection;
12. Incident investigation and reporting; and
13. Emergency preparedness (i.e., emergency drill, fire-fighting equipment, first-aid and emergency response equipment).

The Safety and Health Policies for the Group's operations in Singapore and Malaysia have been formalised and are reviewed annually. The Group holds a BizSafe Level STAR certification, which is subject to renewal every three years.

During FY2024, the Group was not aware of any reported non-compliance with health and safety-related laws and regulations, including but not limited to the Workplace Safety and Health Act (Chapter 354A).

The Group has implemented the following measures to safeguard the health and safety of its employees:

Health and Safety Concerns	Key Control Measures
Workplace safety	• Risk assessment for each project is conducted by the project manager and the safety team. • Project and factory workers are issued with the required Personal Protective Equipment ("**PPE**"). • Safety committee for each project is made up of the Safety Manager, Operation Manager and Safety Coordinators. • Safety Coordinators are stationed at each project site to oversee safety practices and conduct safety inspections. • Appointment of occupational first aiders and provision of first aid boxes at project sites. • New workers are expected to attend a safety induction course conducted by project managers prior to the start of work. • Daily toolbox meetings are conducted at project sites to discuss safety practices. • Workers are required to obtain Construction Safety Orientation Course ("**CSOC**") certificate and supervisors must obtain Building Construction Supervisor Safety ("**BCSS**") certificate. • Monthly management meetings are held to discuss on the upcoming training courses for employees to renew their safety-related certificates.
Clean and healthy working and living environment	• Provision of clean and ventilated dormitory rooms to workers. • Daily housekeeping activities are conducted at project sites, the factory and dormitories. • Regular housekeeping inspections of dormitory are carried out by the Safety Manager. • Bi-weekly disinfection activities are held at project sites, the office, the factory and dormitories. • Regular pest control activities are held at project sites, the factory and dormitories.

The Group has formalised the incident reporting process, ensuring that cases from respective departments are escalated to the Human Resource Department. Employee injuries resulting in medical leave of three or more days must be reported to the Ministry of Manpower in Singapore.

A comparison of the total number of reported health and safety incidents during FY2024, FY2023, and FY2022 is presented below:

	FY2024	FY2023	FY2022
Number of reportable accidents	**2**	3	2
Number of fatalities	**0**	0	0
Fatalities rate per 1,000 employees and workers	**0**	0	0
Lost days due to injuries	**145**	171	51

Target for FY2024	Performance
Maintain workplace fatality rate at zero and reduce lost days due to injuries by 5% through creation of wider and greater awareness of safety measures amongst employee from the FY2023 baseline.	Target met. Maintain workplace fatality rate at zero and reduce lost days due to injuries by 15% from the FY2023 baseline.

Short-term Target (1–2 years)

Maintain a workplace fatality rate of zero and reduce lost days due to injuries by 5% from the FY2023 baseline by increasing awareness of safety measures among employees.

Medium-term Target (by 2030)

Maintain a workplace fatality rate of zero and achieve a 15% reduction in lost days due to injuries from the FY2023 baseline through continuous safety training, enhanced risk management, and the adoption of advanced workplace safety technologies.

Long-term Target (by 2050)

Maintain a workplace fatality rate of zero and reduce the rate of workplace injuries by 30% from the FY2023 baseline through proactive risk management and the fostering of a strong safety culture among all employees.

2.5: Staff Training and Development

The Group recognises that investing in employee development is essential for long-term business sustainability. A skilled and adaptable workforce contributes to operational efficiency, resilience, and sustained growth. Employees are encouraged to continuously enhance their skills to remain responsive to industry developments and evolving market demands. This commitment strengthens organisational performance and reinforces the Group's competitive position within the sector. The Human Resources department actively identifies and facilitates relevant training and development programmes to support workforce growth.

During the reporting period, employees attended various training courses, including Apply Workplace Safety and Health in Construction Sites, Workplace Safety and Health Coordinator Refresher Training, Occupational First Aid Course, Metal Scaffold Erection Course, and Forklift Refresher Course. Additionally, employees participated in the Top Executive Workplace Safety and Health Programme, a government-initiated training programme.

During FY2024, 32.4% of employees participated in training courses, with total training hours amounting to 718. On average, employees received 1.9 hours of training. A comparison of training statistics for FY2024, FY2023, and FY2022 is presented below:

Percentage of Employees Receiving Training	**FY2024**	FY2023	FY2022
By Gender			
Male	**36%**	51%	89%
Female	**9%**	4%	0%
By Employment Category			
Manager or above	**10%**	6%	1%
Supervisor	**43%**	97%	4%
Operator/Support level	**33%**	47%	95%

Average Training Hours	**FY2024**	FY2023	FY2022
By Gender			
Male	**2.07 hours**	12.31 hours	5.66 hours
Female	**0.78 hours**	1.28 hours	0 hour
By Employment Category			
Manager or above	**1.8 hours**	0.90 hours	34 hours
Supervisor or above	**0.34 hours**	33.39 hours	18.29 hours
Operator/Support level	**2.2 hours**	10.4 hours	11.75 hours

Target for FY2024	Performance
Provide more training opportunities for employees and increase the average training hours of employees by 5% from the FY2020[3] baseline.	Target partially met. The average training hours for females increased by 13% from the FY2020 baseline.

Short-term Target (1–2 years)
Provide more training opportunities for employees and increase the average training hours of employees by 5% from the FY2020 baseline.

Medium-term Target (by 2030)
Increase average employee training hours by 20% from the FY2020 baseline.

Long-term Target (by 2050)
Aim to achieve 50% employee participation in professional development courses aligned with their roles and expand training programmes to include sustainability awareness and leadership development.

2.6: Labour Standards and Compliance

In Singapore, the revised Employment (Children and Young Persons) Regulations were published in 2000, prohibiting the employment of children below the age of 13 in any occupation. Additionally, the Laws Governing Exploitative Child Labour, introduced in 2003, extend protections to individuals under the age of 18, prohibiting all forms of slavery or practices resembling slavery. These include the sale or trafficking of children and any form of forced or compulsory labour, such as the recruitment of children for use in armed conflict.

The Group maintains a zero-tolerance approach towards child and forced labour, ensuring that its business operations in Singapore and Malaysia remain free from such practices. A minimum employment age of 18 years has been formalised within the Group's recruitment policies. The Human Resources Department is responsible for verifying the authenticity of new hires' personal information and documentation. Original copies of personal identification documents are collected, and reference checks with educational institutions are conducted to prevent the unintentional employment of underage workers.

Formal procedures have also been established to address illegal labour practices if identified. Escalation, investigation, and rectification measures are carried out, which may include the immediate termination of employment and the repatriation of individuals engaged under unlawful circumstances.

[3] In FY2020, the average training hours were 10.5 for males and 0.69 for females.

During FY2024, the Group was not aware of any instances of non-compliance with child and forced labour regulations. Compliance was maintained with key legislation, including the Employment (Children and Young Persons) Regulations 2000 and the Prevention of Human Trafficking Act 2014 in Singapore, as well as the Children and Young Persons (Employment) Act 1966 and the Anti-Trafficking in Persons & Smuggling of Migrants Act 2010 in Malaysia.

3: Our Supply Chain

The Group is committed to responsibly managing the impact of vendor performance and operations by continuously reviewing relevant operational procedures and adhering to established guidelines. Sustainability within the supply chain is a key priority, ensuring efficiency and maintaining the quality of materials. As part of this commitment, the Group promotes responsible sourcing practices and ensures the appointment of ethical suppliers.

During FY2024, the Group had approximately 551 approved vendors (FY2023: 254), with 99% (FY2023: 99%) of procurement sourced locally in Singapore. The remaining 1% (FY2023: 1%) of vendors were sourced from countries such as Australia, Europe, Mainland China, Hong Kong, and Southeast Asia (i.e. Indonesia, Malaysia, the Philippines, Thailand, and Vietnam).

3.1: Supplier and Subcontractor Selection

The Group places great importance on stringent vendor selection and evaluation for suppliers and subcontractors. Vendor assessments are based on criteria such as product compliance with tender specifications, capacity and resources to meet project requirements, price competitiveness, track records, after-sales services, branding and reputation, as well as financial performance.

For certain projects, environmental considerations play a crucial role in vendor selection, requiring materials and services to be environmentally friendly and certified with the Green Mark. Additionally, vendors are assessed based on their sustainability practices, business ethics, and compliance with applicable socioeconomic and environmental regulations.

An annual re-evaluation process is conducted to ensure suppliers continue to meet the Group's requirements. Supplier accreditation is closely monitored to verify compliance with the required standards as outlined in the operations manual.

3.2: Supplier and Subcontractor Profile

The Group safeguards supplier and subcontractor profiles and information within its information system. A diversified base of suppliers and subcontractors is maintained, alongside collaboration with alternative suppliers based locally in Singapore, to mitigate the impact of supply chain disruptions.

Unethical business practices, including bribery, kickbacks, and discrimination against any vendors, are strictly prohibited. Additionally, the Group does not rely on any suppliers that are owned, controlled, or managed by its controlling shareholders, directors, or their associates.

During FY2024, no reported cases of conflicts of interest were identified within the management team or the Board of Directors.

3.3: Supplier and Subcontractor Control and Monitoring

Annual performance evaluations are conducted for key suppliers and subcontractors to assess their service and product quality, price competitiveness, and financial conditions. In addition, regular reviews are carried out to evaluate the environmental and social risks associated with vendors.

The project manager and production manager review the subcontractors' work quality, and no payments are made until their work has been certified. Additionally, the Quantity Surveyor team closely monitors vendors to ensure the timely delivery of materials.

The Group terminates business relationships with any vendor found to have committed serious regulatory breaches or received fines related to bribery and corruption, environmental pollution and destruction, or illegal employment practices. During FY2024, the Group was not aware of any vendors reporting issues concerning business ethics, environmental protection, human rights, or employment practices.

4: Our Customers

The Group places strong emphasis on the quality, timeliness, and safety of its projects. Maintaining strong customer relationships is essential for the long-term success of the business, and this is achieved by delivering the highest standard of service.

4.1: Project and Service Quality

The Group has established the Quality Control System ("**QCS**"), which is continuously reviewed in accordance with ISO 9001:2015 requirements. Resources and efforts are dedicated to delivering high-quality projects that meet customer requirements.

Project managers continuously monitor the progress and quality of work carried out by both employees and subcontractors. Regular project management sessions are conducted to review any defects, assess timelines, evaluate subcontractor performance, and address any challenges encountered during the projects. Additionally, weekly quality inspections, ongoing supervision of project work, and pre-completion quality assessments — conducted by project managers and customer representatives — ensure adherence to customer specifications and requirements.

The Group is committed to delivering high-quality services and value to its customers by meeting industry standards and fulfilling customer expectations. A structured and transparent process for handling and monitoring customer feedback has been established to ensure prompt resolution. Customer feedback is recorded, and the status of resolutions and follow-up actions is regularly tracked and discussed during project management meetings.

Based on the customer feedback records, no project-related complaints were received, and no long-outstanding unresolved complaints were recorded during the reporting period ended 31 December 2024.

4.2: Intellectual Property, Marketing and Labelling

The Group has registered its logo and domain name as trademarks in Singapore and Hong Kong. In the event of intellectual property infringement by third parties, legal counsel will be engaged to take the necessary legal action. During FY2024, no cases of infringement of the Group's intellectual property by third parties, or vice versa, were reported.

During the reporting period, the NCC Group website was launched, along with the introduction of e-name cards. Additionally, project handover reviews and networking sessions with clients and consultants were initiated. However, the Group does not engage in research and development, product packaging, or labelling activities as part of its business operations.

The Group adopts a zero-tolerance approach towards any breach of customer privacy or the leakage of confidential customer information. Only business contact details and customer emails are collected and maintained for billing purposes.

Guidelines have been established for the collection, usage, protection, and disclosure of confidential and sensitive information related to customers and projects. Firewalls, anti-virus software, and anti-spam solutions have been implemented within the Group's Information Technology ("**IT**") system to safeguard such information. Customer information is securely stored in a data centre managed by the Group's ERP vendor.

During FY2024, the Group was not aware of any reported non-compliance with privacy-related laws and regulations in Singapore and Malaysia.

5: Business Ethics

The Group is committed to upholding its branding and reputation while fostering stakeholder trust in its business operations. These factors are considered imperative for strong governance and sustainable development.

The Board and Management remain devoted to maintaining a high standard of corporate governance and have established robust internal controls within the Group. An unwavering commitment to integrity, honesty, and transparency is upheld in all stakeholder engagements.

5.1: Anti-Corruption Policies and Practices

The primary laws and legislation in Singapore related to bribery, extortion, fraud, and money laundering include the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act ("**CDSA**"), governed by the Commercial Affairs Department, and the Anti-Money Laundering and Countering the Financing of Terrorism ("**AML/CFT**") regime, enforced by the Monetary Authority of Singapore.

A zero-tolerance approach is adopted towards bribery, corruption, and fraudulent conduct. A strong corporate culture is regarded as essential in fostering ethical behaviour among employees.

The Group's Code of Conduct and the Anti-Fraud and Anti-Money Laundering Policy are communicated to new employees and directors during onboarding orientation. Additionally, members of the Group's Senior Management Team and Executive Directors have attended anti-corruption training courses as part of the Group's Initial Public Offering exercise.

During FY2024, the Group was not aware of any reported non-compliance with relevant laws and regulations concerning bribery, extortion, fraud, or money laundering, including but not limited to the Prevention of Corruption Act of Singapore and the Anti-Corruption Commission Act 2009 of Malaysia. Furthermore, no legal cases related to corrupt practices were brought against the Group or its employees during FY2024.

5.2: Whistleblowing Policies

The Group has established a whistleblowing system that allows stakeholders to report concerns regarding any real or perceived misconduct, suspected unlawful conduct, financial malpractice or irregularity, management override of controls, and unethical behaviour.

Under this policy, employees or any other individuals may report suspected wrongdoing affecting the Group to the appointed whistleblowing officer, who ensures that arrangements are in place for concerns to be raised, independently investigated, and followed up with appropriate action. All reports remain confidential, and whistleblowers can come forward without fear of unfair treatment or reprisal.

During FY2024, no whistleblowing cases were received by the Group's Audit Committee members.

6: Our Society

As a socially responsible corporation, the Group recognises its obligation to support the community and assist the less fortunate and underprivileged in society. Participation in charitable events organised by non-profit organisations is encouraged, reinforcing the Group's commitment to social responsibility and strengthening its presence as a responsible corporate citizen.

6.1: Community Investments

During FY2024, the Group donated SGD2,400 to Kwong Wai Shiu Hospital in support of the community's healthcare needs.

CONTENT INDEX

The ESG Report is prepared in accordance with the ESG Reporting Code as set out in Appendix C2 to the Listing Rules.

Disclosures and KPIs	Description	Section/Declaration
Part B: Mandatory Disclosure Requirements		
Governance Structure	• A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	• Board Statement
Reporting Principles	• A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: (i) Materiality (ii) Quantitative (iii) Consistency	• ESG Reporting Principles
Reporting Boundary	• A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report • If there is a change in the scope, the issuer should explain the difference and reason for the change	• About This Report

Disclosures and KPIs	Description	Section/Declaration
Part C: "Comply or explain" Provisions		
Aspect A1: Emissions	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 1.1: Environmental Compliance • 1.2: Environmental Management Policies and Strategies • 1.3: Emissions • 1.4: Waste Management
KPI A1.1	• Types of emissions • Respective emissions data	• 1.3: Emissions
KPI A1.2	• Repealed 1 January 2025	• Repealed 1 January 2025
KPI A1.3	• Total hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	The Group did not generate material hazardous wastes in its business activities.
KPI A1.4	• Total non-hazardous waste produced (in tonnes) • Intensity (e.g. per unit of production volume, per facility)	• 1.4: Waste Management
KPI A1.5	• Description of emissions target(s) set • Steps taken to achieve them	• 1.3: Emissions
KPI A1.6	• Description of how hazardous and non-hazardous wastes are handled • Description of reduction target(s) set and steps taken to achieve them	• 1.4: Waste Management

<table>
<tr><th>Disclosures and KPIs</th><th>Description</th><th>Section/Declaration</th></tr>
<tr><td>Aspect A2: Use of Resources</td><td>• General Disclosure
• Policies on the efficient use of resources, including energy, water and other raw materials</td><td>• 1.5: Water Use and Efficiency
• 1.6: Energy Use and Efficiency</td></tr>
<tr><td>KPI A2.1</td><td>• Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s)
• Intensity (e.g. per unit of production volume, per facility)</td><td>• 1.6: Energy Use and Efficiency</td></tr>
<tr><td>KPI A2.2</td><td>• Water consumption in total
• Intensity (e.g. per unit of production volume, per facility)</td><td>• 1.5: Water Use and Efficiency</td></tr>
<tr><td>KPI A2.3</td><td>• Description of energy use efficiency target(s) set
• Steps taken to achieve them</td><td>• 1.6: Energy Use and Efficiency</td></tr>
<tr><td>KPI A2.4</td><td>• Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set
• Steps taken to achieve them</td><td>• 1.5: Water Use and Efficiency</td></tr>
<tr><td>KPI A2.5</td><td>• Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced</td><td>The use of packaging material is not a material ESG aspect of the Group’s business activities.</td></tr>
<tr><td>Aspect A3: The Environment and Natural Resources</td><td>• General Disclosure
• Policies on minimising the issuer’s significant impacts on the environment and natural resources</td><td>• 1.7: Impact on Environment and Natural Resources</td></tr>
<tr><td>KPI A3.1</td><td>• Description of the significant impacts of activities on the environment and natural resources
• Actions taken to manage them</td><td>• 1.7: Impact on Environment and Natural Resources</td></tr>
</table>

Disclosures and KPIs	Description	Section/Declaration
Aspect A4: Climate Change	• Repealed 1 January 2025	• Repealed 1 January 2025
KPI A4.1	• Repealed 1 January 2025	• Repealed 1 January 2025
Aspect B1: Employment	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 2.1: Employment Policies and Practices
KPI B1.1	• Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	• 2.2: Employment Management
KPI B1.2	• Employee turnover rate by gender, age group and geographical region	• 2.3: Employee Retention
Aspect B2: Health and Safety	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	• 2.4: Health and Safety
KPI B2.1	• Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• 2.4: Health and Safety
KPI B2.2	• Lost days due to work injury	• 2.4: Health and Safety
KPI B2.3	• Description of occupational health and safety measures adopted • How they are implemented and monitored	• 2.4: Health and Safety

Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training	• General Disclosure • Policies on improving employees' knowledge and skills for discharging duties at work. • Description of training activities	• 2.1: Employment Policies and Practices • 2.5: Staff Training and Development
KPI B3.1	• The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	• 2.5: Staff Training and Development
KPI B3.2	• The average training hours completed per employee by gender and employee category	• 2.5: Staff Training and Development
Aspect B4: Labour Standards	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• 2.1: Employment Policies and Practices • 2.6: Labour Standards and Compliance
KPI B4.1	• Description of measures to review employment practices to avoid child and forced labour	• 2.6: Labour Standards and Compliance
KPI B4.2	• Description of steps taken to eliminate such practices when discovered	• 2.6: Labour Standards and Compliance

Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management	• General Disclosure • Policies on managing environmental and social risks of the supply chain	• 3: Our Supply Chain
KPI B5.1	• Number of suppliers by geographical region	• 3: Our Supply Chain
KPI B5.2	• Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• 3: Our Supply Chain
KPI B5.3	• Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3 Supplier and Subcontractor Control and Monitoring
KPI B5.4	• Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• 3.1: Supplier and Subcontractor Selection • 3.3 Supplier and Subcontractor Control and Monitoring

Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• 4: Our Customers
KPI B6.1	• Percentage of total products sold or shipped subject to recalls for safety and health reasons	This is not applicable for the Group's business activities.
KPI B6.2	• Number of products and service-related complaints received and how they are dealt with	• 4.1: Project and Service Quality
KPI B6.3	• Description of practices relating to observing and protecting intellectual property rights	• 4.2: Intellectual Property, Marketing and Labelling
KPI B6.4	• Description of quality assurance process and recall procedures	• 4.1: Project and Service Quality
KPI B6.5	• Description of consumer data protection and privacy policies, and how they are implemented and monitored	• 4.3: Customer Privacy and Confidential Information Protection

Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anticorruption	• General Disclosure • Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• 5: Business Ethics
KPI B7.1	• Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• 5.1: Anti-Corruption Policies and Practices
KPI B7.2	• Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	• 5.2: Whistleblowing Policies
KPI B7.3	• Description of anti-corruption training provided to directors and staff	• 5.1: Anti-Corruption Policies and Practices
Aspect B8: Community Investment	• General Disclosure • Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	• 6.1: Community Investments
KPI B8.1	• Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	• 6.1: Community Investments
KPI B8.2	• Resources contributed (e.g. money or time) to the focus area	• 6.1: Community Investments

Disclosures and KPIs	Description	Section/Declaration
Part D: Climate-related Disclosures		
Governance	• Governance process, controls and procedures an issuer uses to monitor, manage and oversee climate-related risks and opportunities	• 1.8: Climate Change
Strategy	• An issuer's strategy for managing climate-related risks and opportunities	• 1.8: Climate Change
Risk Management	• Process an issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities	• 1.8: Climate Change
Metrics and Targets	• Metrics and targets an issuer uses to understand its performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation	• 1.3: Emissions

INDEPENDENT AUDITOR'S REPORT

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大華馬施雲
會計師事務所有限公司

To the Shareholders of Raffles Interior Limited
(incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Raffles Interior Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 85 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in notes 31 and 14 to the consolidated financial statements, the Group has acquired 51% equity interest in 武漢二廠汽水有限公司 (the "**PRC Subsidiary**") from a vendor (the "**Vendor**") on 5 January 2024, and subsequently disposed of the PRC Subsidiary through the disposal of its entire equity interest in the share of China Soft Drinks Limited ("**China Soft Drinks**", and its subsidiaries collectively referred to as the "**Disposal Group**") on 31 December 2024 (the "**Disposal Date**") (the "**Disposal**"). Loss of sale and distribution of soft drink product operation of S$804,000 and loss on disposal of China Soft Drinks of approximately S$4,343,000 were recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. In addition, the net cash outflow arising from the Disposal Group was S$12,000 for the year ended 31 December 2024.

Despite the continuous effort and repeated requests made by the management of the Group to the Vendor, the management of the Group was unable to fully access to the accounting books and records of the Disposal Group after the completion of the Disposal. As a result, the management of the Group was unable to provide us with all the underlying supporting information and documentary evidence which were considered necessary for our audit purpose in relation to the results, cash flows and other transactions undertaken by the Disposal Group during the period from 5 January 2024 to 31 December 2024 as well as the assets and liabilities of the Disposal Group as at the Disposal Date and the disclosure of financial information of the Disposal Group. Accordingly, we were unable to satisfy ourselves as to whether (i) the results and cash flows of the Disposal Group for the period from 5 January 2024 to 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date; and (iii) the disclosure of financial information of the Disposal Group have been appropriately arrived at and we were unable to carry out audit procedures that we would perform in our audit. Consequently, we were unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Disposal Group for the period from 5 January 2024 to 31 December 2024 which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date as disclosed in note 31 to the consolidated financial statements; and (iii) the loss on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at 31 December 2024.

Any adjustments that might have been found to be necessary in respect of the above may have consequential effects on the loss and cash flows of the Group and the related disclosures in the consolidated financial statements for the year ended 31 December 2024. The matters which were the subject matters of the scope limitation referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 December 2024, and it shall not have carried forward effect to consolidated financial statements of the year ending 31 December 2025, except the effect of comparability of the relevant financial information presented as comparative figures. Accordingly, we issued a qualified opinion on the consolidated financial statement of the Group for the year ended 31 December 2024.

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined that the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from interior fitting-out services contracts	
We identified the recognition of revenue from interior fitting-out services contracts as a key audit matter due to the involvement of significant management estimates in determining the contract revenue for each interior fitting-out services contract in progress. During the year ended 31 December 2024, the Group recognised revenue of S$47,120,000 from provision of interior fitting-out services in Singapore by reference to the progress towards complete satisfaction of performance obligations of the contract as disclosed in note 4 to the consolidated financial statements. As set out in notes 3 and 4 to the consolidated financial statements, the amounts of revenue recognised reflect the management's estimate of each contract's outcome and progress towards satisfaction of the contract, which were based on the input method by considering the proportion of contract costs incurred for the work performed to the end of the reporting date, relative to the total estimated costs of the contract at completion.	Our procedures in relation to recognition of revenue from interior fitting-out services contracts included: • Understanding key controls on how management estimates and revises the total contract costs and margins and recognises revenue from interior fitting-out services contracts; • Checking the accuracy of the contract sum to signed contract and/or other relevant correspondences (and variation orders, if any); • Assessing the reasonableness of the total estimated contract costs of significant projects by checking against quotations, agreements or other correspondences provided by subcontractors or suppliers, on a sample basis; • Evaluating the reasonableness of the estimated profit margins of significant projects, on a sample basis, taking into account of the complexity and duration of the projects and margins of similar completed projects; • Examining the accuracy of costs incurred to date and progress towards completion by checking the certificates or invoices issued by the subcontractors or suppliers, on a sample basis; • Evaluating the reliability of the management's estimated budget costs and budgeted gross profit margin, on a sample basis, by comparing the total actual contract costs incurred at completion of completed projects against the total budgeted contract costs; and • Discussing with management to understand and evaluate the status of projects under construction, including estimated costs to completion, assessment of potential liquidated damages for major contracts and provision for onerous contracts with management, finance, and technical personnel of the Group.

Key audit matter | **How our audit addressed the key audit matter**

Impairment assessment of trade receivables and contract assets

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period.

As at 31 December 2024, the Group's trade receivables and contract assets amounted to S$3,350,000 (net of loss allowance of S$30,000) and S$9,472,000 (net of loss allowance of S$860,000) respectively. During the year ended 31 December 2024, the Group reversed impairment allowances of S$55,000 and S$498,000 for trade receivables and contract assets, respectively.

As disclosed in notes 22, 21 and 34 to the consolidated financial statements, management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on the Group's historical credit loss experience, aging analysis, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

Our procedures in relation to impairment assessment of trade receivables and contract assets included:

- Obtaining an understanding of how management estimates the loss allowance for trade receivables and contract assets;

- Testing the integrity of information used by management to develop the ECL assessment, including aging analysis of trade receivables as at 31 December 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;

- Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group;

- Reviewing the valuation methodology and parameters in the ECL assessment; and

- Challenging management's basis and judgment in determining loss allowance on trade receivables and contract assets as at 31 December 2024, including their identification of credit-impaired trade receivables and contract assets and the basis of estimated loss rates applied (with reference to historical default rates and forward-looking information).

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the PRC Subsidiary. Accordingly, we are unable to conclude whether or not the other information in the directors' report is materially misstated with respect to this matter.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Yeung Chau Ho
Practising Certificate Number: P08313

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 S$'000	2023 S$'000
Continuing operations			
Revenue	4	**47,120**	91,181
Cost of sales	9	**(34,532)**	(79,686)
Gross profit		**12,588**	11,495
Other income	6	**122**	95
Other gains and losses	7	**(791)**	(20)
Reversal of/(impairment losses) under expected credit loss model, net	8	**553**	(440)
Administrative expenses	9	**(11,028)**	(9,618)
Operating profit		**1,444**	1,512
Finance income		**142**	69
Finance costs		**(634)**	(176)
Finance costs, net	12	**(492)**	(107)
Profit before income tax		**952**	1,405
Income tax expense	13	**(353)**	(2)
Profit for the year from continuing operations		**599**	1,403
Discontinued operations			
Loss for the year from discontinued operations	14	**(5,147)**	—
(Loss)/profit for the year		**(4,548)**	1,403
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1**	(15)
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**10**	—
Other comprehensive income/(expense) for the year		**11**	(15)
Total comprehensive (expense)/income for the year		**(4,537)**	1,388

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 S$'000	2023 S$'000
(Loss)/profit for the year attributable to owners of the Company			
— from continuing operations		599	1,403
— from discontinued operations		(4,753)	—
(Loss)/profit for the year attributable to owners of the Company		(4,154)	1,403
Loss for the year attributable to non-controlling interests			
— from continuing operations		—	—
— from discontinued operations		(394)	—
Loss for the year attributable to non-controlling interests		(394)	—
(Loss)/profit for the year		(4,548)	1,403
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(4,143)	1,388
Non-controlling interests		(394)	—
Total comprehensive (expense)/income for the year		(4,537)	1,388
Total comprehensive (expense)/income attributable to owners of the Company:			
— from continuing operations		600	1,388
— from discontinued operations		(4,743)	—
Total comprehensive (expense)/income for the year attributable to owners of the Company		(4,143)	1,388
(Loss)/earnings per share (expressed in Singapore cents per share)	15		
From continuing and discontinued operations			
Basic		(0.42)	0.14
Diluted		(0.42)	0.14
From continuing operations			
Basic		0.06	0.14
Diluted		0.06	0.14

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 S$'000	2023 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**2,146**	875
Right-of-use assets	18	**4,687**	375
Deposits	22	**148**	—
Intangible assets	19	**—**	—
Goodwill	20	**—**	—
		6,981	1,250
Current assets			
Current income tax recoverable		**6**	9
Contract assets	21	**9,472**	18,824
Trade and other receivables, deposits and prepayments	22	**4,386**	5,180
Financial assets at fair value through profit or loss ("FVTPL")	23	**—**	—
Pledged fixed deposits	24	**1,988**	1,980
Cash and cash equivalents	25	**15,803**	16,980
		31,655	42,973
Total assets		**38,636**	44,223
EQUITY			
Share capital	26	**1,829**	1,829
Share premium		**29,730**	29,730
Deficit		**(23,341)**	(19,198)
Total equity		**8,218**	12,361
LIABILITIES			
Non-current liabilities			
Borrowings	27	**—**	583
Lease liabilities	18	**4,354**	204
Provision for reinstatement costs	29	**250**	—
Deferred tax liabilities	28	**39**	3
		4,643	790

AS AT 31 DECEMBER 2024

	Notes	2024 S$'000	2023 S$'000
Current liabilities			
Trade and other payables and accruals	29	**18,499**	29,679
Contract liabilities	21	**179**	183
Borrowings	27	**583**	1,000
Lease liabilities	18	**170**	210
Current income tax payable		**318**	—
Convertible bonds	30	**6,026**	—
		25,775	31,072
Total liabilities		**30,418**	31,862
Total equity and liabilities		**38,636**	44,223

The consolidated financial statements on pages 85 to 167 were approved and authorised for issue by the Board of Directors on and were signed on its behalf on 28 March 2025.

Ding Hing Hui
Director

Wong Heung Ming Henry
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company							
	Share capital S$'000	Share premium S$'000	Other reserve (note) S$'000	Translation reserve S$'000	Accumulated losses S$'000	Subtotal S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2023	1,829	29,730	(13,047)	(18)	(7,521)	10,973	—	10,973
Profit for the year	—	—	—	—	1,403	1,403	—	1,403
Other comprehensive expense for the year	—	—	—	(15)	—	(15)	—	(15)
Total comprehensive (expense)/income for the year	—	—	—	(15)	1,403	1,388	—	1,388
Balance at 31 December 2023	1,829	29,730	(13,047)	(33)	(6,118)	12,361	—	12,361
Balance at 1 January 2024	**1,829**	**29,730**	**(13,047)**	**(33)**	**(6,118)**	**12,361**	**—**	**12,361**
Loss for the year	**—**	**—**	**—**	**—**	**(4,154)**	**(4,154)**	**(394)**	**(4,548)**
Other comprehensive income for the year	**—**	**—**	**—**	**11**	**—**	**11**	**—**	**11**
Total comprehensive income/(expense) for the year	**—**	**—**	**—**	**11**	**(4,154)**	**(4,143)**	**(394)**	**(4,537)**
Acquisition of a business (note 31.1)	**—**	**—**	**—**	**—**	**—**	**—**	**855**	**855**
Disposal of a business (note 31.2)	**—**	**—**	**—**	**—**	**—**	**—**	**(461)**	**(461)**
Balance at 31 December 2024	**1,829**	**29,730**	**(13,047)**	**(22)**	**(10,272)**	**8,218**	**—**	**8,218**

Note: The other reserve represents the difference between the share capital of the Company, Ngai Chin Construction Pte. Ltd., ("**Ngai Chin**") and the shares of Flourishing Honour Limited issued, pursuant to a group reorganisation in preparation for the listing of the Company's shares.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 S$'000	2023 S$'000
Operating activities			
Profit before income tax		952	1,405
Adjustments for:			
Depreciation of property, plant and equipment	17	573	576
Depreciation of right-of-use assets	18(b)	322	211
Property, plant and equipment written off		3	3
Reversal of expected credit loss of trade receivables	8	(55)	(172)
(Reversal of)/provision for expected credit loss of contract assets	8	(498)	612
Finance income	12	(142)	(69)
Finance costs	12	634	176
Loss on disposal of property, plant and equipment		2	1
Loss on fair value changes of financial assets at FVTPL	7	307	—
Loss on fair value changes on derivative component in relation to the convertible bonds	7	266	—
(Reversal of)/provision for onerous contract		(319)	528
Unrealised exchange losses		183	—
Operating cash flows before working capital changes		2,228	3,271
Changes in working capital:			
— contract assets		9,852	4,066
— contract liabilities		(4)	156
— trade and other receivables, deposits and prepayments		849	5,064
— trade and other payables and accruals		(10,866)	6,135
Cash generated from operations		2,059	18,692
Interest received		142	69
Income tax refunded		4	—
		2,205	18,761
Discontinued operations		85	—
Net cash from operating activities		2,290	18,761
Investing activities			
Purchase of property, plant and equipment		(1,844)	(54)
Net cash inflow on acquisition of a business	31.1	17	—
Net cash outflow on disposal of a business	31.2	(6)	—
Payment for rental and utility deposits		(148)	—
Proceeds from disposal of property, plant and equipment		—	2
		(1,981)	(52)
Discontinued operations		(3)	—
Net cash used in investing activities		(1,984)	(52)

	2024 S$'000	2023 S$'000
Financing activities		
Repayment of borrowings	**(1,000)**	(6,976)
Payment for lease liabilities	**(276)**	(223)
Finance costs paid	**(117)**	(176)
Proceeds from borrowings	**—**	1,605
	(1,393)	(5,770)
Discontinued operations	**(94)**	—
Net cash used in financing activities	**(1,487)**	(5,770)
Net (decrease)/increase in cash and cash equivalents	**(1,181)**	12,939
Cash and cash equivalents at beginning of the year	**16,980**	4,047
Effect of foreign exchange rate changes	**4**	(6)
Cash and cash equivalents at end of the year	**15,803**	16,980

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Raffles Interior Limited (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 address of the Company's principal place of business is 5 Sungei Kadut Street 2, #01-02/03, Singapore 729227.

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

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

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

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.1 Basis of preparation (Continued)

(i) Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to IFRS 16	Lease Liability in a Sale 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

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Impacts on application of Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (the "**2020 Amendments**") and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "**2022 Amendments**")*

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 "Financial Instruments: Presentation".

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.1 Basis of preparation (Continued)

(i) Amendments to IFRSs that are mandatorily effective for the current year (Continued)

*Impacts on application of Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (the "**2020 Amendments**") and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "**2022 Amendments**") (Continued)*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the amendments in the current year had no material impact on the classification of the Group's liabilities in the consolidated financial statements.

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

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

[2] Effective for annual periods beginning on or after 1 January 2025.

[3] Effective for annual periods beginning on or after 1 January 2026.

[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.1 Basis of preparation (Continued)

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.2.1 Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the "Conceptual Framework for Financial Reporting" (the "**Conceptual Framework**") except for transactions and events within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or IFRIC-Int 21 "Levies", in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

2.2.1 Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 "Leases") as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Basis of consolidation (Continued)

2.2.1 Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.4 Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

2.5 Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are 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 intangible 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.6 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. S$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive directors (the "**Executive Directors**"), who make strategic decisions.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to consolidated statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. In terms of building and renovation, the shorter lease term are as follows:

Building	12 years
Renovation	7–10 years
Plant and equipment	5–10 years
Motor vehicles	5–6 years
Furniture and fittings	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

2.9 Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Financial assets

(a) Classification

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition of the financial asset and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost of the Group mainly comprise of cash and cash equivalent and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires ECL to be recognised from initial recognition of the receivables and contract assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For other receivables, the Group applies either 12-month ECL ("**12m ECL**") or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime ECL.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.11 Trade and other receivables

Trade receivables are amounts due from customers for sales of goods and services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. See note 2.10 and impairment policies for trade and other receivables.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held with banks which are subject to an insignificant risk of change in value.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.15 Borrowings (Continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are recognised in profit or loss using the effective interest method.

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

2.16 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 bonds 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 bonds 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 bonds using the effective interest method.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.17 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.18 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("**CPF**") in Singapore, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the reporting period to which they relate.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.19 Provisions (Continued)

Onerous contracts (Continued)

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

2.20 Revenue recognition

(a) Revenue from construction contracts

The Group specialises in interior fitting-out works, including new commercial properties and existing commercial spaces that involve upgrades and/or makeovers and/or demolition works, as well as small scale works, such as interior alteration, repair and maintenance works that involve no structure changes.

The Group has to identify the performance obligation in a contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, the interior fitting-out construction contract will provide a significant integration services and the goods and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treats all of the construction contracts as a single performance obligation as the construction works are not capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits of the Group's performance as the Group performs.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that there is no significant financing component in construction contracts as the payment schedule commensurates closely to Group's performance. Therefore, transaction price is not adjusted for any financing component. The Group has recognised revenue on percentage of completion over the period during which the services are rendered and transferred to customers.

The Group recognises the revenue from the contract progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.20 Revenue recognition (Continued)

(a) Revenue from construction contracts (Continued)

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2.19.

The Group has used the practical expedients to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

There is no obligation for returns and refunds for construction contract.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention receivables are settled in accordance with the terms of the respective contracts. Retention receivables are classified as contract assets when the portion is related to the uncompleted contracts.

Variable consideration

For contracts that contain variable consideration (including variation order of construction contract), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.20 Revenue recognition (Continued)

(b) Interest income

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Revenue from sale and distribution of soft drink products

The Group sells and distributes soft drink products to the wholesale market and directly to customers in the People's Republic of China (the "**PRC**").

For sales of soft drink products to the wholesale market, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days upon delivery.

For sales of soft drink products to retail customers, revenue is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Under the Group's standard contract terms, customers have a right to exchange for dissimilar products within 30 days. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

A contract liability is recognised for sales in which revenue has yet been recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.21 Leases

Lessee

The Group leases a land, building, certain office equipment and motor vehicles. Leases are recognised as a right of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the consolidated statements of profit or loss and other comprehensive income over the lease term using effective interest rate method.

Right-of-use assets are measured at cost comprising the following, where applicable:

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) reinstatement costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Land	12 years
Office	6 years
Building	4 years
Plant and machinery	5 years
Motor vehicle	5–7 years

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.21 Leases (Continued)

Lessee (Continued)

The Group has applied short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

2.22 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

2.23 Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition of construction works

The Group reviews and revises the estimates of contract revenue and contract costs prepared for construction works contract of the Group as the contract progresses. Progress towards complete satisfaction of performance obligations of construction contract is measured according to the input method of individual contract, which is measured based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgment and involves estimation uncertainty.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise subcontractor charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly.

Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment under ECL model on trade receivables and contract assets

Management of the Group estimates the amount of lifetime ECL of the trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets, except for those trade receivables and contract assets that are credit-impaired or significant to the Group would be assessed their ECL individually.

The contract assets relate to unbilled revenue and retention receivables, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical observed default rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate in Singapore in which it provides services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The provision of ECL is sensitive to changes in estimates. The Group's expected loss rates are correlated to gross domestic product growth rate, inflation rate and unemployment in Singapore, which could affect the assessment of credit default rates.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty and the provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables, contract assets and their ECL provision are disclosed in notes 22, 21 and 34, respectively.

As at 31 December 2024, the carrying amounts of trade receivables and contract assets were S$3,350,000 (2023: S$4,026,000), net of provision for ECL of S$30,000 (2023: S$85,000), and S$9,472,000 (2023: S$18,824,000), net of provision for ECL of S$860,000 (2023: S$1,358,000), respectively.

3 KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value measurement of financial instruments

As at 31 December 2024, the Group's derivative component of convertible bonds and financial assets at FVTPL amounting to S$3,009,000 and nil (2023: nil and nil), respectively, are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing inflationary environment and interest rates hike have resulted in greater market volatility and may affect the issuer's businesses. These have led to higher degree of uncertainties in respect of the valuations in the current year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 35 for further disclosures.

4 REVENUE

Continuing operations:

An analysis of the Group's revenue from continuing operations for the years ended 31 December 2024 and 2023 is as follows:

	2024 S$'000	2023 S$'000
Contract revenue from the provision of interior fitting-out services	**47,120**	91,181
Timing of revenue recognition: Over time	**47,120**	91,181

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

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the year:

	2024 S$'000	2023 S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied		
— Construction contracts		
To be recognised within 1 year	**22,025**	10,756

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

5 SEGMENT INFORMATION

Continuing operations:

The Group is principally engaged in the provision of interior fitting-out services in Singapore. During the year ended 31 December 2024, the Group has expanded its business to engage in sale and distribution of soft drink products in the PRC, which is considered as a new operating and reportable segment by the CODMs. On 31 December 2024, the Group has completed the disposal of its entire interest in the share of China Soft Drinks Limited. Thus, the operating segment regarding the sale and distribution of soft drink products in the PRC was discontinued in the current year. The segment information does not include any amounts for these discontinued operations, which are described in more detail in note 14.

Information reported to the CODMs for the purposes of resource allocation and assessment focuses on revenue analysis by geographical location of customers. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

(a) Geographical information

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

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

	Revenue from external customers Year ended 31 December		Non-current assets (note) As at 31 December	
	2024 S$'000	2023 S$'000	**2024 S$'000**	2023 S$'000
Singapore (country of domicile)	**47,120**	91,181	**6,573**	1,041
Malaysia	**—**	—	**260**	209
	47,120	91,181	**6,833**	1,250

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

5 SEGMENT INFORMATION (Continued)

Continuing operations: (Continued)

(b) Information about major customers

Revenue from continuing operations attributable to the Group's largest customer and the five largest customers in aggregate accounted for approximately 22.1% and 64.0% (2023: approximately 33.2% and 69.3%) respectively of the Group's total revenue from continuing operations for the year ended 31 December 2024.

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

	2024 S$'000	2023 S$'000
Customer A	10,395	N/A[1]
Customer B	7,476	N/A[1]
Customer C	7,401	N/A[1]
Customer D	N/A[1]	30,232
Customer E	N/A[1]	10,254
	25,272	40,486

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

6 OTHER INCOME

Continuing operations:

	2024 S$'000	2023 S$'000
Government grant (note a)	97	46
Others	25	49
	122	95

Note a: The Group obtained government grants and recognised as income of S$95,000 (2023: S$36,000) from Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme for the years ended 31 December 2024. The Group had also obtained a series of government grants to combat COVID-19 amounting to S$10,000 (2024: nil) for the year ended 31 December 2023. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants.

7 OTHER GAINS AND LOSSES

Continuing operations:

	2024 S$'000	2023 S$'000
Foreign exchange losses, net	**213**	16
Fair value loss on derivative component in relation to the convertible bonds (note 30)	**266**	—
Fair value loss on financial assets at FVTPL (note 23)	**307**	—
Property, plant and equipment written off	**3**	3
Loss on disposal of property, plant and equipment	**2**	1
	791	20

8 REVERSAL OF/(IMPAIRMENT LOSSES) UNDER EXPECTED CREDIT LOSS MODEL, NET

Continuing operations:

	2024 S$'000	2023 S$'000
Reversal of ECL of trade receivables	**55**	172
Reversal of/(provision for) ECL of contract assets	**498**	(612)
	553	(440)

9 EXPENSES BY NATURE

Continuing operations:

	2024 S$'000	2023 S$'000
Subcontractor charges (included in cost of sales)	**16,203**	54,591
Cost of materials used	**7,252**	13,979
Employee benefit expenses (including directors' emoluments) (note 10)	**17,265**	15,104
Depreciation of property, plant and equipment (note 17)	**573**	576
Depreciation of right-of-use assets (note 18(b))	**322**	211
Insurance expenses	**236**	330
Expenses relating to short-term leases	**615**	442
Utilities	**226**	260
Repair and maintenance	**1,111**	1,014
Auditors' remuneration		
— Audit services	**418**	308
— Non-audit services	**—**	55
Legal and professional fees	**585**	1,010
Provision for onerous contracts	**(319)**	528
Others	**1,073**	896
	45,560	89,304
Represented by:		
Cost of sales	**34,532**	79,686
Administrative expenses	**11,028**	9,618
	45,560	89,304

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S EMOLUMENTS)

Continuing operations:

	2024 **S$'000**	2023 S$'000
Wages, salaries, bonus and allowances	**16,380**	14,291
Pension costs — defined contribution plans	**626**	527
Other employment benefits	**259**	286
	17,265	15,104

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 include one (2023: one) director, whose emoluments are reflected in the analysis shown in note 11. The emoluments paid to the remaining four (2023: four) individuals during the year ended 31 December 2024 are as follows:

	2024 **S$'000**	2023 S$'000
Wages, salaries and allowances	**1,850**	957
Employer's contribution to defined contribution plans	**49**	54
	1,899	1,011

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2024	2023
Emolument band		
HK$1,000,001 – HK$1,500,000	**—**	1
HK$1,500,001 – HK$2,000,000	**—**	3
HK$2,000,001 – HK$2,500,000	**1**	—
HK$2,500,001 – HK$3,000,000	**2**	—
HK$3,000,001 – HK$3,500,000	**1**	—

11 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES)

Continuing operations:

(a) Directors' emoluments

The remuneration of the directors for each of the years ended 31 December 2024 and 2023 were as follows:

	Fee S$'000	Salaries S$'000	Other allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Employer's contribution to a retirement benefit scheme S$'000	Total S$'000
For the year ended 31 December 2024						
Executive directors						
Mr. Ding Hing Hui	**36**	**276**	**15**	**323**	**17**	**667**
Ms. Xiang Ying (Note b)	**30**	**—**	**—**	**—**	**—**	**30**
Non-executive director						
Ms. Peng Shengfeng (Note b)	**41**	**13**	**—**	**—**	**—**	**54**
Independent non-executive directors						
Mr. Gay Soon Watt	**41**	**—**	**—**	**—**	**—**	**41**
Mr. Tan Chong Huat	**41**	**—**	**—**	**—**	**—**	**41**
Mr. Wong Heung Ming Henry	**94**	**—**	**—**	**—**	**—**	**94**
	283	**289**	**15**	**323**	**17**	**927**
For the year ended 31 December 2023						
Executive directors						
Mr. Ding Hing Hui	36	194	9	68	17	324
Mr. Leong Wai Kit (Note a)	15	—	—	—	—	15
Ms. Xiang Ying (Note b)	8	—	—	—	—	8
Non-executive director						
Ms. Peng Shengfeng (Note b)	8	—	—	—	—	8
Independent non-executive directors						
Mr. Chia Kok Seng (Note c)	36	—	—	—	—	36
Mr. Gay Soon Watt	41	—	—	—	—	41
Mr. Tan Chong Huat	41	—	—	—	—	41
Mr. Wong Heung Ming Henry	94	—	—	—	—	94
	279	194	9	68	17	567

11 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND THE LISTING RULES) (Continued)

Continuing operations: (Continued)

(a) Directors' emoluments (Continued)

Note a: Mr. Leong Wai Kit has retired as executive director with effect from 25 May 2023.

Note b: Ms. Xiang Ying and Ms. Peng Shangfeng were appointed as director with effect from 18 October 2023. Ms. Xiang Ying has resigned as an executive director with effect from 23 September 2024. On 23 December 2024, the Company had served upon Ms. Peng Shangfeng a written notice to terminate the appointment as a non-executive director of the Company.

Note c: Mr. Chia Kok Seng has resigned as independent non-executive director with effect from 17 November 2023.

Fees, salaries, allowances and benefits in kind paid to or for the executive directors and non-executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries. Fees paid to or for the independent non-executive directors are for their services as directors of the Company.

There was no arrangement under which a director of the Company waived and agreed to waive and remuneration during the years ended 31 December 2024 and 2023.

(b) Directors' retirement benefits and termination benefits

No retirement benefits were paid to or receivable by any directors of the Company in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the years ended 31 December 2024 and 2023.

No payment was made to directors of the Company as compensation for the early termination of the appointment during the years ended 31 December 2024 and 2023.

(c) Consideration provided to third parties for making available directors' services

No payment was made to any former employers of directors of the Company for making available the services of them as a director of the Company during the years ended 31 December 2024 and 2023.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in note 38, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors of the Company during the years ended 31 December 2024 and 2023.

(e) Director's material interests in transactions, arrangements or contracts

Save as disclosed in note 38, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2024 and 2023.

12 FINANCE COSTS, NET

Continuing operations:

	2024 S$'000	2023 S$'000
Finance costs:		
Bank charges	(11)	(12)
Performance bond guarantee	(46)	(38)
Imputed interest on convertible bonds (note 30)	(517)	—
Interest charges		
Lease liabilities (note 18(b))	(37)	(20)
Borrowings	(23)	(47)
Trade financing (note 22(i)(a))	—	(59)
	(634)	(176)
Finance income:		
Bank deposits	142	69
Finance costs, net	(492)	(107)

13 INCOME TAX EXPENSE

Continuing operations:

Singapore income tax has been provided at the rate of 17% (2023: 17%) on the estimated assessable profit during the year ended 31 December 2024. Under the partial tax exemption scheme for companies of Singapore Corporate Income Tax, the first S$10,000 of normal chargeable income will be entitled 75% exemption and further 50% exemption on the next S$190,000.

Malaysia income tax has been provided at the rate of 24% (2023: 24%) on the estimated assessable profit during the year ended 31 December 2024.

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

	2024 S$'000	2023 S$'000
The tax charge comprises:		
Current income tax		
— Singapore income tax	318	—
— Malaysia income tax	—	9
Overprovision in prior years		
— Current income tax	(1)	—
	317	9
Deferred tax expense/(credit) (note 28)	36	(7)
Income tax expense	353	2

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	2024 S$'000	2023 S$'000
Profit before income tax	952	1,405
Tax calculated at tax rate of 17% (2023: 17%)	162	239
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5)	3
Tax effect of expenses not deductible for tax purpose	576	340
Tax effect of income not taxable for tax purpose	(134)	(9)
Utilisation of tax losses previously not recognised	(202)	(632)
Overprovision of tax in prior years	(1)	—
Tax effect of temporary difference not recognised	12	61
Statutory income tax exemption	(55)	—
Income tax expense	353	2

14 DISCONTINUED OPERATIONS

On 31 December 2024, the Company entered into a sale and purchase agreement to sell its entire interest in the share of China Soft Drinks Limited ("**China Soft Drinks**") to a purchaser (the "**Purchaser**") (the "**Sale**") on an "as-is" basis at a nominal consideration of HK$1 (the "**Consideration**"). China Soft Drinks is a wholly-owned subsidiary of the Company which indirectly holds 51% equity interest of 武漢二廠汽水有限公司 (the "**PRC Subsidiary**") (see note 31 for details). The Sale was completed on the same day.

As the business operations of China Soft Drinks and its subsidiaries were considered as a separate major line of business and geographical area of operations, and it was a component of entities comprise operations and cash flows that were clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group, so it was considered and accounted for as discontinued operations for the year ended 31 December 2024. The directors of the Company also considered that separately highlighting the results of the discontinued operations provides clearer information that is relevant in assessing the ongoing ability of the Group to generate cash flows.

Accordingly, the carrying amount related to the net liabilities of the discontinued operations was deconsolidated from the consolidated financial statements of the Group as of 31 December 2024. The results, other comprehensive income and cash flows of the discontinued operations were separately presented in the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2024, respectively.

The loss for the year from the discontinued sale and distribution of soft drink products operation is set out below.

	2024 S$'000
Loss of sale and distribution of soft drink products operation for the Period (as defined below)	804
Loss on disposal of sale and distribution of soft drink products operation (see note 31.2)	4,343
Loss for the year from the discontinued operations	5,147

14 DISCONTINUED OPERATIONS (Continued)

The results of the sale and distribution of soft drink products operations for the period from 5 January 2024 (date of acquisition) to 31 December 2024 (date of disposal) (the "**Period**"), which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	The Period S$'000
Revenue	1,575
Cost of sales	(1,050)
Selling and distribution expenses	(580)
Administrative expenses	(726)
Finance costs, net	(95)
Loss before income tax	(876)
Income tax expense	72
Loss for the Period	(804)

Cash flows (used in)/from discontinued operations:

	The Period S$'000
Net cash from operating activities	85
Net cash used in investing activities	(3)
Net cash used in financing activities	(94)

The carrying amounts of the assets and liabilities of China Soft Drinks and its subsidiaries at the date of disposal are disclosed in note 31.2.

15 (LOSS)/EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

(Loss)/earnings figures are calculated as follows:

	2024 S$'000	2023 S$'000
(Loss)/profit for the year attributable to owners of the Company	**(4,154)**	1,403
Less: Loss for the year from discontinued operations	**(4,753)**	—
Earnings for the purpose of basic earnings per share from continuing operations	**599**	1,403
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of income tax)	**517**	—
Loss arising on changes of fair value on derivative component of the convertible bonds	**266**	—
Exchange adjustments on debt component and derivative component of convertible bonds	**162**	—
Earnings for the purpose of diluted earnings per share from continuing operations	**1,544**	1,403

Number of shares:

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,000,000**	1,000,000
Effect of dilutive potential ordinary shares: Convertible bonds	**184,939**	—
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,184,939**	1,000,000

15 (LOSS)/EARNINGS PER SHARE (Continued)

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

(Loss)/earnings figures are calculated as follows:

	2024 S$'000	2023 S$'000
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(4,154)**	1,403
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of income tax)	**517**	—
Loss arising on changes of fair value on derivative component of convertible bonds	**266**	—
Exchange adjustments on debt component and derivative component of convertible bonds	**162**	—
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(3,209)**	1,403

For the year ended 31 December 2024, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would result in a decrease loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted loss per share for the discontinued operations is Singapore 0.48 cents per share (2023: N/A), based on the loss for the year from the discontinued operations of approximately S$4,753,000 (2023: N/A) and the denominators detailed above for both basic and diluted loss per share.

For the year ended 31 December 2024, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would result in a decrease in loss per share from continuing operations.

For the year ended 31 December 2023, no diluted earnings per share were presented as there were no potential ordinary shares in issue.

16 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

17 PROPERTY, PLANT AND EQUIPMENT

	Building S$'000	Renovation S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Total S$'000
Year ended 31 December 2024						
Opening net book amount	**520**	**37**	**211**	**106**	**1**	**875**
Additions	**—**	**1,479**	**216**	**—**	**152**	**1,847**
Acquired on acquisition of a subsidiary (note 31.1)	**—**	**—**	**6**	**—**	**—**	**6**
Disposal	**—**	**—**	**(5)**	**—**	**—**	**(5)**
Disposal of a subsidiary (note 31.2)	**—**	**—**	**(6)**	**—**	**(1)**	**(7)**
Depreciation						
— Continuing operations (note 9)	**(446)**	**(6)**	**(82)**	**(38)**	**(1)**	**(573)**
— Discontinued operations	**—**	**—**	**(2)**	**—**	**—**	**(2)**
Exchange adjustments	**—**	**3**	**2**	**—**	**—**	**5**
Closing net book amount	**74**	**1,513**	**340**	**68**	**151**	**2,146**
As at 31 December 2024						
Cost	**5,460**	**2,004**	**1,889**	**775**	**253**	**10,381**
Accumulated depreciation	**(5,386)**	**(491)**	**(1,549)**	**(707)**	**(102)**	**(8,235)**
Net book value	**74**	**1,513**	**340**	**68**	**151**	**2,146**
Year ended 31 December 2023						
Opening net book amount	966	42	251	146	2	1,407
Additions	—	3	50	—	1	54
Disposal	—	—	(1)	(2)	—	(3)
Depreciation	(446)	(5)	(85)	(39)	(1)	(576)
Exchange adjustments	—	(3)	(4)	1	(1)	(7)
Closing net book amount	520	37	211	106	1	875
As at 31 December 2023						
Cost	5,460	523	1,680	773	103	8,539
Accumulated depreciation	(4,940)	(486)	(1,469)	(667)	(102)	(7,664)
Net book value	520	37	211	106	1	875

As at 31 December 2024 and 2023, the building has been pledged to a bank in respect of performance bond guarantee and the trade financing provided for the Group.

17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Continuing operations:

Depreciation of the Group's property, plant and equipment from continuing operations has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 S$'000	2023 S$'000
Cost of sales	**398**	400
Administrative expenses	**175**	176
	573	576

18 LEASES

(a) Amounts recognised in the consolidated statement of financial position

	2024 S$'000	2023 S$'000
Right-of-use assets		
Land	**26**	92
Building	**158**	103
Office	**4,391**	—
Plant and equipment	**4**	16
Motor vehicles	**108**	164
Total right-of-use assets	**4,687**	375
Lease liabilities		
Current	**170**	210
Non-current	**4,354**	204
Total lease liabilities	**4,524**	414

Additions to the right-of-use assets for the year ended 31 December 2024 were S$4,624,000 (2023: S$150,000).

18 LEASES (Continued)

(a) Amounts recognised in the consolidated statement of financial position (Continued)

	2024 S$'000	2023 S$'000
Lease liabilities payable:		
Within one year	170	210
Within a period of more than one year but not exceeding two years	862	108
Within a period of more than two years but not exceeding five years	2,693	73
Within a period of more than five years	799	23
	4,524	414
Less: Amount due for settlement within 12 months shown under current liabilities	(170)	(210)
Amount due for settlement after 12 months shown under non-current liabilities	4,354	204

The weighted average incremental borrowing rates applied to lease liabilities range from 3.45% to 5.00% (2023: 3.54%).

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

Continuing operations:

	2024 S$'000	2023 S$'000
Depreciation charge of right-of-use assets		
Land	70	66
Office	125	—
Building	59	55
Plant and equipment	12	25
Motor vehicle	56	65
	322	211
Interest expense	37	20
Expenses relating to short-term leases	615	442
	652	462

The total cash outflow for leases during the year ended 31 December 2024 was S$928,000 (2023: S$685,000).

18 LEASES (Continued)

(c) Variable lease payments

The land lease contains variable payment term that rent is subject to annual revision based on the market rent rate. Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date and lease liabilities are remeasured when there is a change to reflect changes in market rental rates following a market rent review. The lease liability shall be remeasured to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect).

Adjustments for variable rent were an increase of S$4,000 and S$8,000 respectively for the years ended 31 December 2024 and 2023 respectively. The remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets amounted to S$4,000 (2023: S$8,000).

(d) Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

19 INTANGIBLE ASSETS

	Brand name S$'000	Distribution channels S$'000	Total S$'000
At 1 January 2023 and 31 December 2023	—	—	—
Acquired on acquisition of a subsidiary (note 31.1)	**876**	**1,462**	**2,338**
Amortisation from discontinued operations	**(66)**	**(219)**	**(285)**
Disposal of a subsidiary (note 31.2)	**(810)**	**(1,243)**	**(2,053)**
At 31 December 2024	—	—	—

The brand name and distribution channels was arising from the acquisition of 51% equity interest in the PRC Subsidiary (see note 31.1). The brand name and distribution channels has a finite useful life and is amortised on a straight-line basis over ten and five years respectively.

20 GOODWILL

	S$'000
COST	
At 1 January 2023 and 31 December 2023	—
Arising on acquisition of a subsidiary (note 31.1)	**3,863**
Disposal of a subsidiary (note 31.2)	**(3,863)**
At 31 December 2024	**—**
IMPAIRMENT	
At 1 January 2023, 31 December 2023 and 31 December 2024	—
CARRYING VALUES	
At 1 January 2023, 31 December 2023 and 31 December 2024	—

The goodwill was arising from the acquisition of 51% equity interest in the PRC Subsidiary (see note 31.1).

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table sets out the contract assets and contract liabilities arising form the provision of interior fitting-out services:

	2024 S$'000	2023 S$'000
Contract assets	**10,332**	20,182
Less: provision for ECL	**(860)**	(1,358)
	9,472	18,824
Contract liabilities	**(179)**	(183)
	9,293	18,641

21 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Movement in contract assets (net of loss allowance)

	2024 S$'000	2023 S$'000
At the beginning of the year	18,824	23,503
Revenue recognised during the year	46,208	90,603
Progress billing during the year	(56,058)	(94,670)
Reversal of/(impairment) of contract assets	498	(612)
At the end of the year	9,472	18,824

Movement in contract liabilities

	2024 S$'000	2023 S$'000
At the beginning of the year	183	28
Receipt from customers	908	733
Revenue recognised that was included in the contract liability balance at the beginning of the year	(183)	(28)
Revenue recognised upon the provision of project works	(729)	(550)
At the end of the year	179	183

Contract assets represent the Group's right to consideration from customers for the provision of interior fitting-out services to customers that is not yet due for billing, as the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at each reporting date. The contract assets arise when: (i) the Group completed the relevant services under such contracts and pending certification by the customers; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (i.e. defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer. After the Group's customers and/or the professional consultants of the projects certified the Group's progress claims and after the Group issued the billings, contract assets would be reclassified as trade receivables.

Included in contract assets, there were retention receivables amounting to S$3,762,000 (2023: S$5,327,000), representing certain percentage of the total contract sum held by the Group's customers. Depending on the contract terms, the Group's customers may hold up a certain percentage of each payment (including progress payment) made to the Group as retention money. Retention money is normally equivalent to 2.5% to 10.0% of the value of works done and subject to a maximum 5.0% of the total contract sum. Typically, half of the retention money is released upon handover of the project and the remaining amount will be released upon expiry of the defect liability period of around 12 months. The defect liability period commences on the date of the certificate of completion issued by the customer. Thus, the amount of retention receivables as at the end of the reporting period depends on the completion of the project and the defect liability period.

21 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract liabilities represent the Group's obligation to transfer project works to customers for which the Group has received consideration in advance from the customers according to progress billing arrangement stated in the contracts.

Contract assets and liabilities are normally affected by (i) the number, value and stage of projects on hand; (ii) the amount of works completed by the Group at the time close to the end of each reporting year, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by the Group's customers or the professional consultant of the project and (v) depending on the contract terms, the amount of the retention money held by the Group's customers yet to be released.

Details of impairment assessment on contract assets are set out in note 34.1(b).

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 S$'000	2023 S$'000
Trade receivables	3,380	4,111
Less: provision for ECL	(30)	(85)
Trade receivables, net (note i)	3,350	4,026
Prepayments (note ii)	439	242
Rental, utility and other deposits	227	210
Deposits paid for fitting-out	505	487
Other receivables	13	215
	1,184	1,154
Total	4,534	5,180
Less: rental and utility deposits shown under non-current assets	(148)	—
Amount shown under current assets	4,386	5,180

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

As at 1 January 2023, trade receivables from contracts with customers amounted to S$8,779,000.

(i) Trade receivables

The Group normally grants credit terms to its customers of interior fitting-out services of up to 65 days. The ageing analysis of the gross amounts of the trade receivables based on invoice date is as follows:

	2024 S$'000	2023 S$'000
0–30 days	**2,894**	2,449
31–60 days	**165**	1,524
61–90 days	**156**	19
Over 90 days	**165**	119
	3,380	4,111

(a) Transferred receivables

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

At 31 December 2024 and 2023, the Group did not have any trade financing arrangement.

(b) Fair values of trade receivables

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

(c) Impairment and risk exposure of trade receivables

The Group applies the simplified approach permitted by IFRS 9, which requires loss allowance to be measured at an amount equal to lifetime ECL on the trade receivables and contract assets. During the year ended 31 December 2024, the amounts of provision reversed to the consolidated statement of profit or loss and other comprehensive income were S$55,000 (2023: S$172,000), mainly due to the decrease of the gross carrying amount of the trade receivables, which is a result of settlement of outstanding trade receivables as of 31 December 2024.

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

22 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(i) Trade receivables (Continued)

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

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of S$608,000 (2023: S$1,662,000) which are past due as at the reporting date. Out of the past due balances, S$165,000 (2023: S$119,000) has been past due 90 days or more and is not considered as in default at 31 December 2024 by considering the continuous business relationship and historical repayments from these customers. The Group does not hold any collateral over these balances or charge any interest thereon.

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 not past due have good credit quality with reference to respective settlement history.

Details of impairment assessment on trade receivables are set out in note 34.1(b).

(ii) Prepayments

As at 31 December 2024, the amounts of S$439,000 (2023: S$218,000) represent sundry prepayments made for daily operations.

23 FINANCIAL ASSETS AT FVTPL

	2024 S$'000	2023 S$'000
Derivative financial instrument — profit guarantee in relation to acquisition of 51% equity interest in the PRC Subsidiary	**—**	—

On 5 January 2024, the Group completed the acquisition of 51% equity interest in the PRC Subsidiary, details of which are set out in note 31.1. Pursuant to the sale and purchase agreements dated 1 August 2023 (the "**SPA**"), the vendor to the sale, 武漢星航投網有限公司 (the "**Vendor**") guaranteed to the Group that the net profit after tax of the PRC Subsidiary as stated in the PRC Subsidiary's audited accounts shall not be less than HK$5,000,000 per annum (the "**Guaranteed Net Profit**") for the first two financial years of the completion, inclusive of the financial year of the completion date (the "**Profit Guaranteed Period**").

If, the profit as stated in the PRC Subsidiary's audited accounts for the Profit Guaranteed Period shall be less than the Guaranteed Net Profit giving rise to a shortfall ("**Sum A**"), the Vendor shall pay to the Group a sum ("**Sum B**") calculated in accordance with the following:

Sum B = Sum A × 2.0

Sum B shall be paid and settled in cash to the Group's designated bank account within fourteen Business Days of date of issuance of PRC Subsidiary's audited accounts.

23 FINANCIAL ASSETS AT FVTPL (Continued)

If the actual net profit after tax as stated in the PRC Subsidiary's audited accounts for the Profit Guaranteed Period shall be zero or is in the negative for the Profit Guaranteed Period, the Vendor shall pay to the Group a sum equal to the consideration, being HK$25,500,000, which shall be paid and settled in cash to the Group's designated bank account within fourteen business days of date of issuance of the PRC Subsidiary's audited accounts.

Such profit guarantee is measured as financial asset at FVTPL and initially recognised at its fair value of S$328,000. At 31 December 2024, the fair value of profit guarantee was remeasured to nil.

24 PLEDGED FIXED DEPOSITS

	2024 S$'000	2023 S$'000
Bank deposits	1,988	1,980
Cash and cash equivalent held as collateral	1,988	1,980

The average effective interest rates per annum for the years ended 31 December 2024 and 2023 were set out as follows:

	2024	2023
Fixed deposits pledged	2.4%	0.8%

As at 31 December 2024 and 2023, fixed deposits have been pledged to a bank in respect of performance bond guarantee provided for the Group.

Details of impairment assessment on pledged fixed deposits are set out in note 34.1(b).

25 CASH AND CASH EQUIVALENTS

	2024 S$'000	2023 S$'000
Cash at bank	15,790	16,974
Cash on hand	13	6
	15,803	16,980

25 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 0.2% (2023: 0.01% to 0.2%).

Details of impairment assessment on bank balances are set out in note 34.1(b).

26 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	**Nominal value of ordinary shares** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	100,000

	Number of ordinary shares	**Nominal value of ordinary shares** S$'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,000,000,000	1,829

27 BORROWINGS

	2024 S$'000	2023 S$'000
Bank loan	583	1,583

	2024 S$'000	2023 S$'000
The carrying amounts of the above borrowings are repayable*:		
Within one year	583	1,000
Within a period of more than one year but not exceeding two years	—	583
	583	1,583
Less: amounts due within one year shown under current liabilities	(583)	(1,000)
Amounts shown under non-current liabilities	—	583

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

As at 31 December 2024, the borrowing is guaranteed by the certain shareholders of the Company.

In respect of bank loan with carrying amount of S$583,000 as at 31 December 2024 (2023: S$1,583,000), the Group is required to comply with a financial covenant to maintain the adjusted net worth of not less than S$10,000,000 at all times.

The Group has complied with the relevant covenants at each test date on or before the end of the reporting period.

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

	2024	2023
Fixed interest rate		
— Bank loan	2.25%	2.25%

The carrying amounts of the Group's borrowings approximate their fair values as at 31 December 2024 and 2023 are denominated in S$.

27 BORROWINGS (Continued)

The total banking facilities granted to the Group amounted to S$12,000,000 (2023: S$16,000,000), of which S$7,000,000 (2023: S$11,000,000) from the facilities of trade financing and specific advance facilities and loan facilities of S$5,000,000 (2023: S$5,000,000) as at 31 December 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 31 December 2024 and 2023 were set out as follows:

	2024 **S$'000**	2023 S$'000
Floating rate		
— Expiring within one year	**7,000**	11,000
Fixed rate		
— Expiring within one year	**5,000**	—
— Expiring beyond one year	**—**	5,000
	12,000	16,000

The facilities expiring within one year from the end of the reporting period are facilities subject to annual review. The other facilities are arranged mainly to help finance the Group's proposed expansion.

28 DEFERRED TAX LIABILITIES

The movements in the deferred tax liabilities of the Group during the year are as follows:

	2024 **S$'000**	2023 S$'000
Beginning of the year	**3**	10
Credited to profit or loss from continuing operations (note 13)	**36**	(7)
Exchange adjustments	**—**	—
End of the year	**39**	3

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation S$'000	**Right-of-use assets** S$'000	**Lease liabilities** S$'000	**Total** S$'000
At 1 January 2023	(10)	(86)	86	(10)
Credited/(charged) to profit or loss	—	14	(7)	7
At 31 December 2023	**(10)**	**(72)**	**79**	**(3)**
Credited/(charged) to profit or loss from continuing operations	**2**	**(712)**	**674**	**(36)**
Exchanges adjustments	**—**	**(2)**	**2**	**—**
At 31 December 2024	**(8)**	**(786)**	**755**	**(39)**

The Group has unrecognised tax losses arising in Singapore of S$1,186,000 (2024: nil) as at 31 December 2023 which can be carried forward indefinitely and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

No deferred tax asset has been recognised in respect of the unrecognised tax losses and capital allowance due to the unpredictability of future profit streams.

29 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals comprise the following:

	2024 S$'000	2023 S$'000
Trade payables	4,370	6,662
Accruals for project cost	9,436	18,742
Provision for onerous contracts	209	528
Provision for reinstatement costs	250	—
Other payables and accruals		
— Accrued expenses	3,890	2,783
— Good and services tax payables	520	634
— Accrued unutilised leave	36	151
— Others	38	179
Total	18,749	29,679
Less: provision for reinstatement costs under non-current liabilities	(250)	—
Amount shown under current liabilities	18,499	29,679

Included in accruals for project cost is retention payable amounting to S$1,329,000 (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 provision for onerous contracts relates to contract with customers under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to anticipated increase in certain production costs.

The aging analysis of the trade payables based on invoice date as at 31 December 2024 and 2023 is as follows:

	2024 S$'000	2023 S$'000
0–30 days	3,317	2,994
31–60 days	448	1,836
61–90 days	605	765
Over 90 days	—	1,067
	4,370	6,662

The credit period on purchases from suppliers and subcontractors of the interior fitting-out services as at 31 December 2024 is 30 to 90 days (2023: 30 to 90 days) or payable upon delivery.

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

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

30 CONVERTIBLE BONDS

The Company issued a three-year, interest-free convertible bonds (the "**Convertible Bonds**") at an aggregate principal amount of HK$25,500,000 (equivalent to approximately S$4,346,000) on 5 January 2024. The Convertible Bonds are denominated in HK$ and are unsecured. The maturity date (the "**Maturity Date**") is the date falling on the third anniversary of the date of issue of the Convertible Bonds, i.e. 5 January 2027. The Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time commencing from 12 months after the date of issue of the Convertible Bonds to the end of the Maturity Date at a conversion price of HK$0.136 per conversion share, subject to restrictions and adjustments in accordance with the terms and conditions of the Convertible Bonds. Unless already converted or redeemed in accordance with the conditions and terms of the Convertible Bonds, the Company shall repay principal amount of the Convertible Bonds at Maturity Date. The conversion options are not settled by exchange of a fixed amount of cash or another asset for a fixed number of the Company's own shares. Hence, the Convertible Bonds contains two components, debt component and derivative (including conversion options) component. The effective interest rate of the debt component is 21.54% per annum. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. The movement of the debt and derivative components of the Convertible Bonds for the period is set out as below:

	Debt component S$'000	**Derivative component** S$'000
At 1 January 2023 and 31 December 2023	—	—
At date of acquisition (note 31.1)	**2,419**	**2,662**
Imputed interest charged (note 12)	**517**	**—**
Loss arising on changes of fair value (note 7)	**—**	**266**
Exchange adjustments	**81**	**81**
At 31 December 2024	**3,017**	**3,009**

The fair values of Convertible Bonds at initial recognition and at 31 December 2024 were arrived at on the basis of a valuation carried out on that dates by Norton Appraisals Holdings Limited, an independent qualified professional valuer not connected to the Group. They are categorised as Level 3 under the fair value hierarchy set out in IFRS 13. Level 3 fair value measurements are those derived from valuation techniques that include inputs for that asset or liability that are not based on observable market data (unobservable inputs).

30 CONVERTIBLE BONDS (Continued)

The binomial option pricing model is used for valuation of the derivative component. The key inputs used in the model are disclosed as follows:

	At 31 December 2024	At initial recognition
Share price of the Company	**HK$0.172**	HK$0.390
Risk free rates	**3.39%**	3.43%
Dividend yield	**0%**	0%
Option life	**2 years**	3 years
Volatility	**82.6%**	111.97%
Conversion price	**HK$0.136**	HK$0.136

31 ACQUISITION AND DISPOSAL OF A BUSINESS

31.1 Acquisition of a business

On 5 January 2024, the Group completed the acquisition of 51% equity interest in the PRC Subsidiary. The PRC Subsidiary was principally engaged in sale and distribution of soft drink products in the PRC. The acquisition consideration was satisfied by the issuance of the Convertible Bonds (as defined in note 30) at an aggregate principal amount of HK$25,500,000 (equivalent to approximately S$4,346,000) (note 30). In pursuance to the SPA, the Guaranteed Net Profit provided by the Vendor shall not be less than HK$5,000,000 per annum for the first two financial years of the completion, inclusive of the financial year of the completion date (i.e. the financial years ending 31 December 2024 and 2025), details as set out in note 23.

31 ACQUISITION AND DISPOSAL OF A BUSINESS (Continued)

31.1 Acquisition of a business (Continued)

Assets acquired and liabilities recognised at the date of acquisition

The fair values of identifiable assets and liabilities assumed of the PRC Subsidiary as at the acquisition date were as follows:

	S$'000
Property, plant and equipment	6
Intangible assets	2,338
Trade and other receivables, deposits and prepayments	1,442
Cash and cash equivalents	17
Inventories	21
Trade and other payables and accruals	(567)
Borrowings	(928)
Deferred tax liabilities	(584)
Total identifiable net assets acquired	1,745
Less: non-controlling interests	(855)
	890
Goodwill	3,863
Total consideration	4,753

Consideration transferred

	S$'000
Satisfied by:	
Convertible Bonds at fair value (note 30)	5,081
Less: contingent consideration adjustment (note)	(328)
Net consideration at fair value	4,753

Note: The contingent consideration adjustment arrangement requires the Vendor to pay to the Group by reference to the operating performance of the PRC Subsidiary pursuant to the SPA. The consideration will be adjusted for the aggregate sum of the shortfall between the actual profit/loss for the Profit Guaranteed Period and Guaranteed Net Profit amount during the Profit Guaranteed Period. Details of the contingent consideration adjustment are set out in note 23.

31 ACQUISITION AND DISPOSAL OF A BUSINESS (Continued)

31.1 Acquisition of a business (Continued)

	S$'000
Net cash inflow arising from the acquisition:	
Bank balances and cash acquired	17

The Group had elected to measure the non-controlling interests in the PRC Subsidiary by reference to the proportionate share of the acquiree's identifiable net assets.

The intangible assets represent a brand name and distribution channels identified from the PRC Subsidiary.

The revenue and loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 contributed by the PRC Subsidiary was S$1,575,000 and S$804,000 respectively.

The acquisition-related costs of approximately S$12,000 had been charged to administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year 31 December 2024.

31 ACQUISITION AND DISPOSAL OF A BUSINESS (Continued)

31.2 Disposal of a business

As referred to in note 14, on 31 December 2024, the Group discontinued its sale and distribution of soft drink products operations at the time of disposal of China Soft Drinks. The net assets of China Soft Drinks at the date of disposal were as follows:

	At 31 December 2024 S'$000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	7
Intangible assets	2,053
Goodwill	3,863
Trade and other receivables, deposits and prepayments	1,298
Cash and cash equivalents	6
Inventories	261
Trade and other payables and accruals	(1,248)
Borrowings	(913)
Deferred tax liabilities	(513)
Net assets disposed of	4,814
Consideration received:	
Cash consideration received (note a)	—
Loss on disposal of a subsidiary:	
Cash consideration received (note a)	—
Net assets disposed of	(4,814)
Non-controlling interest	461
Reclassification of cumulative translation reserve upon disposal of China Soft Drinks to profit or loss	10
Loss on disposal	(4,343)
Net cash outflow arising on disposal:	
Cash consideration (note a)	—
Less: cash and cash equivalents disposed of	(6)
	(6)

Note a: The cash consideration received was a nominal consideration of HK$1.

31 ACQUISITION AND DISPOSAL OF A BUSINESS (Continued)

31.2 Disposal of a business (Continued)

During the year ended 31 December 2024, the Company discovered that there had been misrepresentations made by the Vendor under the SPA, and among which (a) based on the unaudited management accounts and contrary to the Guaranteed Net Profit provision under the SPA (i) as of 30 June 2024, the PRC Subsidiary had incurred a net loss of approximately HK$3,700,000 (equivalent to approximately S$640,000), and (ii) as of 30 September 2024, the PRC Subsidiary had incurred a net loss of approximately RMB3,200,000 (equivalent to approximately S$586,000); (b) the relevant trademark registrations of the "二廠汽水" trademark had been repeatedly rejected by the relevant government authorities; and (c) there was an unauthorised loan of RMB5,000,000 (equivalent to approximately S$932,000) obtained shortly prior to the completion of the acquisition, which funds were suspected to have been misappropriated.

In response to the above, the Company (1) on 31 December 2024, entered into a sale and purchase agreement to sell China Soft Drinks, the holding company of the Company's prior interests in the PRC Subsidiary, to an independent third party on an "as is" basis at a nominal consideration and (2) subsequent to 31 December 2024, instructed counsel to issue a writ against the Vendor on 27 January 2025 seeking, among others (i) an order to rescind the SPA, (ii) a declaration that the Convertible Bonds issued by the Company to the Vendor be cancelled and/or void or that the Vendor be not entitled to exercise any right under the Convertible Bonds, and (iii) damages for misrepresentation and breach of contract.

For more details relating to the above, please refer to the Company's announcements dated 31 December 2024, 8 January 2024, 28 November 2024, 31 December 2024 and 28 January 2025.

32 COMMITMENTS

Short-term lease commitments — the Group as a leasee

The Group leases land from third parties under non-cancellable lease agreements. The future aggregate minimum lease payments under non-cancellable leases in respect of land leases are as follows:

	2024 S$'000	2023 S$'000
Not later than 1 year	476	412

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 S$'000	2023 S$'000
Financial assets as per consolidated statement of financial position		
Financial assets measured at amortised cost		
— Trade and other receivables and deposits	4,095	4,938
— Cash and cash equivalents	15,803	16,980
— Pledged fixed deposits	1,988	1,980
Financial assets at FVTPL	—	—
Total	21,886	23,898
Financial liabilities as per consolidated statement of financial position		
Financial liabilities measured at amortised cost		
— Trade and other payables	17,734	28,366
— Borrowings	583	1,583
— Debt component of Convertible Bonds	3,017	—
Financial liabilities measured at FVTPL		
— Derivative component of Convertible Bonds	3,009	—
Total	24,343	29,949

34 FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

(a) Market risk

(i) 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 Singapore Dollars.

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for cash at bank and pledged fixed deposits, which earn low interest income. The Group's exposures to change in interest rates are mainly attributable to its borrowings.

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 27) and lease liabilities (see note 18).

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. Management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

34.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to trade and other receivables.

(i) Risk management

Management of the Group considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management of the Group does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Impairment of financial assets

The Group has four types of financial assets that are subject to the ECL model:

- cash and cash equivalents and pledged fixed deposits
- trade receivables
- contract assets relating to construction contracts
- other receivables and deposits

The Group applies the simplified approach to perform impairment assessment under ECL model, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for the customers. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Performing	The counterparty has a low risk of default and does not have any past-due amounts or debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Under-performing	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m ECL or lifetime ECL	**2024 Gross carrying amount S$'000**	2023 Gross carrying amount S$'000
Financial assets at amortised cost					
Trade receivables	22	Note (ii)	Lifetime ECL (simplified approach)		
		Performing	— not credit-impaired	**3,215**	3,973
		Under-performing	— not credit-impaired	**—**	19
		Non-performing	— credit-impaired	**165**	119
				3,380	4,111
Other receivables and deposits	22	Low risk	12m ECL	**745**	912
Pledged fixed deposits	24	Low risk	12m ECL	**1,988**	1,980
Bank balances	25	Low risk	12m ECL	**15,790**	16,974
Other item					
Contract assets	21	Note (ii)	Lifetime ECL (simplified approach)		
		Performing	— not credit-impaired	**9,520**	17,812
		Under-performing	— not credit-impaired	**—**	—
		Non-performing	— credit-impaired	**812**	2,370
				10,332	20,182

Notes:

(i) For the purpose of internal credit assessment, the Group based on the financial background, financial condition and the historical settlement records of the debtors, and also quantitative and qualitative information that is reasonable and supportive forward-looking information without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

(ii) The Group has applied the simplified approach in IFRS 9 to measure the loss allowance for trade receivables and contract assets on lifetime ECL basis.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets arising from contracts with customers

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 December 2024 and 2023 within lifetime ECL.

		Gross carrying amount		ECL	
	Average loss rate	Trade receivables S$'000	Contract assets S$'000	Trade receivables S$'000	Contract assets S$'000
At 31 December 2024					
Performing	**0.6%**	**3,215**	**9,520**	**29**	**48**
Under-performing	**0.0%**	**—**	**—**	**—**	**—**
Non-performing	**83.2%**	**165**	**812**	**1**	**812**
		3,380	**10,332**	**30**	**860**
At 31 December 2023					
Performing	0.8%	3,973	17,812	73	111
Under-performing	3.5%	19	—	1	—
Non-performing	50.5%	119	2,370	11	1,247
		4,111	20,182	85	1,358

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

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. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Movement of impairment allowance

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables			Contract assets		
	Lifetime ECL (not credit-impaired) S$'000	**Lifetime ECL (credit-impaired)** S$'000	**Total** S$'000	**Lifetime ECL (not credit-impaired)** S$'000	**Lifetime ECL (credit-impaired)** S$'000	**Total** S$'000
At 1 January 2023	116	141	257	186	560	746
Impairment losses recognised, net of reversal	(41)	(131)	(172)	(39)	651	612
Transfer to credit-impaired	(1)	1	—	(36)	36	—
At 31 December 2023	74	11	85	111	1,247	1,358
Impairment losses recognised, net of reversal	**(45)**	**(10)**	**(55)**	**31**	**(529)**	**(498)**
Transfer to credit-impaired	**—**	**—**	**—**	**(94)**	**94**	**—**
At 31 December 2024	**29**	**1**	**30**	**48**	**812**	**860**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables and deposits

The Group adopts the general approach for ECL of other receivables and deposits and consider that these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12m ECL.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and when the interest and/or principal repayment are 30 days past due. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

— significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

There is no other receivables and deposits balance that is past due and/or impaired. On that basis, the Group determined that the risk of default by counterparties is low based on their credit history. Management also regularly reviews the recoverability of these receivables and deposits and follow up the disputes or amounts overdue, if any. There is immaterial loss provision required for other receivables and deposits as at 31 December 2024 and 2023 based on historical recoverability experience and creditability of its debtors and, therefore, no loss allowance is recognised.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days when they fall due. Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

34 FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Pledged fixed deposits/bank balances

Credit risk on pledged fixed deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for pledged fixed deposits/bank balances by reference to information relating to probability of default and considered the ECL to be insignificant and no loss allowance was recognised.

(c) Liquidity risk and basis of preparation of going concern

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Weighted average effective interest rate	On demand S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	More than 5 years S$'000	Total undiscounted cash flows S$'000	Carrying amounts S$'000
As at 31 December 2024								
Trade and other payables	**—**	**—**	**17,734**	**—**	**—**	**—**	**17,734**	**17,734**
Borrowings	**2.25%**	**—**	**595**	**—**	**—**	**—**	**595**	**583**
Lease liabilities	**4.89%**	**—**	**399**	**1,061**	**3,029**	**819**	**5,308**	**4,524**
Convertible Bonds								
Debt component	**21.54%**	**4,468**	**—**	**—**	**—**	**—**	**4,468**	**3,017**
Total		**4,468**	**18,728**	**1,061**	**3,029**	**819**	**28,105**	**25,858**
As at 31 December 2023								
Trade and other payables	—	—	28,366	—	—	—	28,366	28,366
Borrowings	2.25%	—	1,022	586	—	—	1,608	1,583
Lease liabilities	3.54%	—	227	120	114	—	461	414
Total		—	29,615	706	114	—	30,435	30,363

34 FINANCIAL RISK MANAGEMENT (Continued)

34.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity as shown in consolidated statement of financial position. Total debt represents borrowings, lease liabilities and Convertible Bonds, and total capital is calculated as combined capital plus accumulated losses.

The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 S$'000	2023 S$'000
Borrowings	583	1,583
Lease liabilities	4,524	414
Convertible Bonds	6,026	—
Total debt	11,133	1,997
Total equity	8,218	12,361
Gearing ratio	135.5%	16.2%

35 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages an external qualified professional valuer not connected to the Group to perform the valuation. Management of the Group works closely with the external qualified valuer to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy

	2024 Level 3 S$'000	2023 Level 3 S$'000
Financial assets at FVTPL (note 23)	—	—
Derivative component in relation to the Convertible Bonds (note 30)	3,009	—

	Fair value as at 31 December 2024 S$'000	Fair value as at 31 December 2023 S$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets					
Financial assets at FVTPL	—	—	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will be generated from the contingent consideration, based on an appropriate discount rate.	Discount rate of 16.3% (2023: N/A) (note (a)).
Financial liabilities					
Derivative component in relation to the Convertible Bonds	3,009	—	Level 3	Binomial option pricing model. The fair value is estimated based on the risk free rate, discount rate, share price, volatility of the share price of the Company, dividend yield and exercise price.	Expected volatility of the share price of 82.6% (2023: N/A) determined by taking reference to historical share prices of the Company (note (b)).

35 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

Fair value hierarchy (Continued)

Note a: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the contingent consideration adjustment, and vice versa. As at 31 December 2024, a 5% (2023: N/A) increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration adjustment by nil (2023: N/A).

Note b: A slight increase in the expected volatility used in isolation would result in a slight increase in the fair value measurement of the derivative component in relation to the Convertible Bonds, and vice versa. As a result of the volatile financial market in 2024, management of the Group adjusted the sensitivity rate from -5% to 5% (2023: N/A) for the purpose of performing the sensitivity analysis. A 5% (2023: N/A) increase in the expected volatility holding all other variables constant would increase the carrying amount of the derivative component in relation to the Convertible Bonds by S$62,000 (2023: N/A).

There were no transfers between the different levels of the fair value hierarchy during both years.

(ii) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL S$'000	Derivative component in relation to the Convertible Bonds S$'000
At 1 January 2023 and 31 December 2023	—	—
Issued during the year	328	(2,662)
Total (loss)/gain:		
— in profit or loss	(307)	(266)
Exchange adjustments	(21)	(81)
At 31 December 2024	**—**	**(3,009)**

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

As at 31 December 2024, the fair value of the debt component of Convertible Bonds amounted to S$2,947,000 is determined assuming redemption on maturity and using an interest rate of 22.95% (2023: N/A) per annum based on the prevailing market risk free rate, credit spread and liquidity risk premium. The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values due to short maturity.

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Continuing operations:

This section sets out the reconciliation of liabilities arising from financing activities for the years ended 31 December 2024 and 2023.

	Debt component of Convertible Bonds S$'000	Lease liabilities S$'000	Borrowings S$'000	Performance bond guarantee S$'000	Provision for reinstatement costs S$'000	Total S$'000
At 1 January 2023	—	486	6,954	—	—	7,440
Addition to new lease	—	150	—	—	—	150
Adjustment to existing lease	—	8	—	—	—	8
Drawdown	—	—	1,605	—	—	1,605
Principal repayments	—	(223)	(6,976)	—	—	(7,199)
Bank charges paid	—	—	(12)	—	—	(12)
Performance bond guarantee charges paid	—	—	—	(38)	—	(38)
Interest paid	—	(20)	(106)	—	—	(126)
Finance costs accretion	—	20	118	38	—	176
Translation difference	—	(7)	—	—	—	(7)
At 31 December 2023	—	414	1,583	—	—	1,997
Acquisition of a subsidiary	2,419	—	—	—	—	2,419
Addition to new lease	—	4,374	—	—	250	4,624
Adjustment to existing lease	—	4	—	—	—	4
Bank charges paid	—	—	(11)	—	—	(11)
Performance bond guarantee charges	—	—	—	(46)	—	(46)
Principal repayments	—	(276)	(1,000)	—	—	(1,276)
Interest paid	—	(37)	(23)	—	—	(60)
Finance costs accretion	517	37	34	46	—	634
Foreign exchange losses, net	81	—	—	—	—	81
Translation difference	—	8	—	—	—	8
At 31 December 2024	**3,017**	**4,524**	**583**	**—**	**250**	**8,374**

37 PERFORMANCE BONDS

Some of the projects require the Group to provide an insurance performance bond or insurance performance guarantee issued by a licensed bank in Singapore to the Group's customers (typically between 5.0% to 10.0% of the contract value), which will remain in effect until the expiry of the defects liability period. The duration of the performance bond or performance guarantee typically covers the contractual period of the project and an additional period corresponding to the defects liability period.

As at 31 December 2024, performance guarantees of S$7,660,000 (2023: S$10,502,000), were given by banks and insurance company in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted under the banking facilities of the Group as set out in notes 17, 24 and 27. None of the Group's customers has enforced the insurance performance bond or insurance performance guarantee provided by the Group during the year ended 31 December 2024 (2023: none).

In the opinion of the directors of the Company, it is not probable that a claim will be made against the Group in respect of the above performance guarantees.

38 RELATED PARTY TRANSACTIONS

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during both years:

Name of related parties	Relationship with the Group
Lo Lek Chew	Shareholder of the Company
Low Lek Huat	Shareholder of the Company
Low Lek Hee	Senior management and shareholder of the Company
Chua Boon Par	Shareholder of the Company
Ding Hing Hui	Executive director and shareholder of the Company
Leong Wai Kit	Executive director (retired as executive director with effect from 25 May 2023) and shareholder of the Company
Ng Foo Wah	Senior management (resigned with effect from 31 January 2024) and shareholder of the Company
Xiang Ying	Executive director (appointed on 18 October 2023 and resigned with effect from 23 September 2024)
Peng Shangfeng	Non-executive director (appointed on 18 October 2023 and the appointment was terminated on 23 December 2024)

There is no transaction or balance with a related company or corporations outside of the Group.

38 RELATED PARTY TRANSACTIONS (Continued)

(a) Key management compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Company are considered as key management personnel of the Group.

Compensation of key management personnel of the Group, including directors' remuneration, is disclosed in note 11 to the consolidated financial statements.

(b) Transactions with related parties

Continuing operations

During the years ended 31 December 2024 and 2023, the remuneration received by related parties is as follows:

	2024 S$'000	2023 S$'000
Executive directors' emoluments (note 11(a))	697	347
Non-executive director's emoluments (note 11(a))	54	8
Other related parties' remunerations		
Wages, salaries, bonus and allowances	1,762	1,006
Pension costs — defined contribution plan	47	55
Compensation for the loss of office in connection with the management of affairs of any member of the Group	—	131
	2,560	1,547

39 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of principal subsidiaries of the Company as at 31 December 2024 and 2023:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Issued or registered/ paid up capital	Effective interest held as at 31 December 2024	Effective interest held as at 31 December 2023
Directly held by the Company						
Flourishing Honour Limited	Investment holding	BVI	27 July 2018	US$1	100%	100%
Indirectly held by the Company						
Ngai Chin Construction Pte. Ltd.	Construction, interior decoration and renovation, including manufacturing and supply of furniture and fittings	Singapore	30 June 1986	S$1,500,000	100%	100%
Ngai Chin Construction Sdn. Bhd.	Manufacturing and supply of furniture and fittings	Malaysia	9 July 2020	RM750,000	100%	100%

40 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 31 December 2024 and 2023.

41 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 S$'000	2023 S$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		—	—
Amounts due from subsidiaries		6,326	7,118
		6,326	7,118
Current assets			
Prepaid expenses		63	63
Financial assets at FVTPL	23	—	—
Cash and cash equivalents		32	54
		95	117
Total assets		6,421	7,235
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	1,829	1,829
(Deficit)/reserves		(1,968)	5,047
Total (deficit)/equity		(139)	6,876
LIABILITIES			
Current liabilities			
Accruals		534	359
Convertible bonds	30	6,026	—
Total liabilities		6,560	359
Total equity and liabilities		6,421	7,235

41 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Reserves

	Share premium S$'000	Accumulated losses S$'000	Total S$'000
Balance as at 1 January 2023	29,730	(23,521)	6,209
Loss for the year	—	(1,162)	(1,162)
Total comprehensive expense for the year	—	(1,162)	(1,162)
Balance at 31 December 2023	29,730	(24,683)	5,047
Balance as at 1 January 2024	**29,730**	**(24,683)**	**5,047**
Loss for the year	**—**	**(7,015)**	**(7,015)**
Total comprehensive expense for the year	**—**	**(7,015)**	**(7,015)**
Balance at 31 December 2024	**29,730**	**(31,698)**	**(1,968)**

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000
Continuing operations					
Revenue	**47,120**	91,181	66,493	79,576	64,221
Cost of sales	**(34,532)**	(79,686)	(58,765)	(73,191)	(66,803)
Gross profit/(loss)	**12,588**	11,495	7,728	6,385	(2,582)
Other income	**122**	95	631	1,543	2,341
Other gains	**(791)**	—	—	67	—
Administrative expenses	**(10,475)**	(10,078)	(9,204)	(8,605)	(15,452)
Finance costs, net	**(492)**	(107)	(533)	(401)	(381)
Profit/(loss) before income tax	**952**	1,405	(1,378)	(1,011)	(16,074)
Income tax (expense)/credit	**(353)**	(2)	15	(107)	125
Profit/(loss) for the year from continuing operations	**599**	1,403	(1,363)	(1,118)	(15,949)
Discontinued operations					
Loss for the year from discontinued operations	**(5,147)**	—	—	—	—
(Loss)/profit for the year	**(4,548)**	1,403	(1,363)	(1,118)	(15,949)

	As at 31 December				
	2024	2023	2022	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS AND LIABILITIES					
Non-current assets	**6,981**	1,250	1,842	2,598	3,490
Current assets	**31,655**	42,973	39,631	55,004	60,853
Total assets	**38,636**	44,223	41,473	57,602	64,343
Non-current liabilities	**4,643**	790	1,875	2,961	4,174
Current liabilities	**25,775**	31,072	28,625	42,291	46,697
Total liabilities	**30,418**	31,862	30,500	45,252	50,871
Total equity attributable to owners of the Company	**8,218**	12,361	10,973	12,350	13,472