Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1376)

PROFIT WARNING

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

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, after excluding non-recurring listing expenses for the relevant periods, the Group anticipates to record a net loss after tax of approximately S$4.5 million for the financial year ended 31 December 2020 ("**FY2020**") as compared to a net profit of approximately S$6.9 million for the year ended 31 December 2019 ("**FY2019**"). Based on the information currently available, such expected loss of the Group's was primarily due to the decrease in the Group's revenue as a result of the imposition of circuit breaker measures by the Singapore government in April and May 2020 due to the outbreak of the Coronavirus Disease 2019 ("**COVID-19**"). During the circuit breaker period between 7 April 2020 to 1 June 2020, the Group's interior fitting out services are identified as non-essential business and therefore all of the Group's project sites were halted. Although the circuit breaker measures have been gradually lifted on 1 June 2020, work at site can't resume immediately due to the spike in COVID-19 infections among foreign workers living in the dormitories and the additional safe and controlled measures for each construction projects before work can resume at site. The Group is only able to fully resume operation since November 2020, therefore revenue recognised during FY2020 significantly reduced when compared to FY2019.

Apart from the decrease in revenue, cost of sales had also increased as a result of additional cost like more supplied labor and subcontractors engaged to complete the projects within the new stipulated timeline, which resulted in a significant drop in the gross profit margin for FY2020.

As the Group is still in the process of finalising the financial results of the Group for FY2020, the information contained in this announcement represents only a preliminary assessment made by the Board with reference to the latest unaudited consolidated management accounts of the Group and other information currently available, which have not been reviewed nor confirmed by the Group's independent auditors and the audit committee of the Board and which are subject to finalisation and adjustments, if any. Details of the financial information of the Group will be disclosed in the results announcement of the Group for FY2020, which is expected to be published by March 2021.

Shareholders and potential investors of the Group are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Raffles Interior Limited
Chua Boon Par
Chairman, chief executive officer
and executive director

Hong Kong, 18 February 2021

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