# Raffles Interior Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1376)**

## QUARTERLY UPDATE ON RESUMPTION PROCESS AND CONTINUED SUSPENSION OF TRADING

Raffles Interior Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to its announcements dated (i) 16 February 2026, 19 March 2026 and 31 March 2026 (the "**Suspension Announcements**") in relation to, among others, the delay in publication of the 2025 Annual Results, the delay in despatch of the 2025 Annual Report and the suspension of trading of the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); and (ii) 25 May 2026 in relation to resumption guidance (the "**Resumption Guidance**") as set out in the letter dated 22 May 2026 issued by the Stock Exchange (the "**Guidance Letter**").

## BACKGROUND

As highlighted by the Stock Exchange in the Resumption Guidance, between November 2025 and May 2026, the Company announced the following matters relating to and/or complaint letters against Mr. Zheng Nenghuan (collectively, the "**Matters**"):

(i) **Unauthorised acquisition** — On 3 November 2025, Mr. Zheng entered into an agreement (the "**SPA**") on behalf of the Company to acquire 100% equity interest in Kunyuan Asset Management Co., Ltd. ("**Kunyuan**") at a consideration of HK$300 million (the "**Acquisition**") without seeking prior approval from the Board. Kunyuan held the land use rights of a parcel of land in Shenzhen. Mr. Zheng Nenghuan allegedly attempted to conceal his beneficial ownership in the seller of the Acquisition.

The consideration was also alleged to be overstated and substantially higher than the Company's available cash resources. It was also alleged that the Acquisition was entered into on the same day that a margin call was made against Mr. Zheng Nenghuan (see paragraph (iii) below). The Board has raised concerns that the Acquisition may have been undertaken to support the perceived value of Mr. Zheng Nenghuan's shareholding in the Company rather than for legitimate commercial purposes.

(ii) **Undisclosed litigations** — A complaint letter mentioned that Mr. Zheng Nenghuan, his spouse and their related entities were involved in approximately 100 litigations in the PRC between 2014 and 2025 (the "**Undisclosed Litigations**"), primarily arising from loan-related disputes. Mr. Zheng Nenghuan was listed as a "dishonest person subject to enforcement" and/or subject to consumption restriction orders imposed by PRC courts.

(iii) **Demand letters** — In November 2025, Mr. Zheng Nenghuan received two demand letters (the "**Demand Letters**") regarding: (a) an outstanding service fee of HK$10 million under an advisory services deed; and (b) a margin call of HK$20.7 million issued by a securities firm. The demand letters indicated that failure to settle the outstanding amounts may entitle the counterparties to enforce their rights against Mr. Zheng Nenghuan's shares in the Company, including disposal of such shares.

In addition to the matters highlighted by the Stock Exchange in point (iii) above, as disclosed in the announcement of the Company dated 20 May 2026, the Company also received a second notification letter dated 20 May 2026 from an international law firm acting on behalf of a claimant. The notification letter stated that the claimant and Mr. Zheng Nenghuan entered into three deeds relating to provision of advisory services dated 1 November 2025, 1 January 2026 and 21 March 2026, pursuant to which Mr. Zheng Nenghuan is obliged to pay aggregate service fees of HK$28 million. The notification letter further stated that Mr. Zheng Nenghuan has failed and/or refused to pay the service fees, and the claimant is entitled to exercise its right to require Mr. Zheng Nenghuan to transfer assets (including shares or securities held directly or indirectly) to recover the outstanding fees, pursuant to the personal indemnities given by Mr. Zheng Nenghuan in favour of the claimant under the said deeds. The scope of the independent investigation was expanded to cover the matter relating to this notification letter.

Prior to the issue of the Guidance Letter, on 10 December 2025, the Independent Board Committee (which comprised Mr. Wong Heung Ming Henry and two other independent non-executive Directors at the time) (the "**IBC**") was already formed to investigate the specific allegations under the various complaint letters received, to assess Mr. Zheng Nenghuan's integrity and fitness to serve as a Director, and formulate remediation plans.

Following receipt of a letter from the Company's auditors dated 24 November 2025, on 15 December 2025 the Board resolved to suspend the executive and administrative duties of Mr. Zheng Nenghuan and ratified and approved the establishment of the IBC to investigate the Matters. The IBC appointed an independent investigator, which provided an interim report to the IBC, the findings of which were summarised in the Company's announcement dated 16 March 2026.

In the Guidance Letter subsequently issued by the Stock Exchange, the Stock Exchange expressed that there are serious concerns as to whether Mr. Zheng Nenghuan had sought to procure the Company's entry into a HK$300 million self-dealing transaction for his own benefit through misrepresentation of the seller's identity, concealment of his beneficial ownership and failure to disclose his personal interest in the Acquisition. These matters raise concern about possible misuse or misappropriation of the Company's assets. The Stock Exchange further expressed concerns about the integrity, competence and character of the Company's management and/or any persons with substantial influence over the Company's management and operations, and whether the Company has put in place adequate and sufficient internal control measures to safeguard its assets and compliance with the Listing Rules.

In light of the circumstances, the Stock Exchange issued the Resumption Guidance, which reinforces the commitments of the Board and the Independent Committee (comprising all existing independent non-executive Directors) to take active steps to investigate the Matters. The Board and the Independent Committee have strived to fulfil the Resumption Guidance.

The Board wishes to provide Shareholders with the latest developments and the progress of fulfilling the Resumption Guidance as at the date of this announcement:

## UPDATE ON BUSINESS OPERATIONS AND RESUMPTION PROGRESS

### Independent investigation

The principal objectives of Kroll's investigation are to assess (i) the financial impact of the Matters on the Company and its principal subsidiaries; (ii) the operational impact of the Matters on the Company, including the integrity of the Company's current management, based on the facts and circumstances surrounding the initiation, approval, execution and disclosure of the Matters; and (iii) the adequacy and effectiveness of the Company's internal control systems in relation to the Matters.

On 26 June 2026, Kroll provided the Independent Committee with an interim update on the progress of the ongoing independent investigation. Kroll's preliminary observations are as follows:

(i) Based on the procedures performed to date, Kroll has not identified any transactions or payments recorded in the books of the Company or its principal subsidiaries during the relevant period that relate to the Matters;

(ii) Based on Kroll's interim analysis, the Company would have been unlikely to meet the payment obligations for the Acquisition consideration of HK$300 million without external financing, which would have been highly unlikely to obtain given the Company's financial position in the two most recent financial years and the lack of track record in property development related businesses;

(iii) The documented evidence reviewed to date indicates that Mr. Zheng Nenghuan entered into the Acquisition without the approval and authorisation required under the Company's prevailing internal control policies, that the Acquisition fell outside the types of investment permitted under those policies, and that it gave rise to potential conflict-of-interest concerns;

(iv) Following the review of a report produced by a PRC law firm engaged by the Company, the Undisclosed Litigations consolidated to 25 distinct underlying disputes, a number of which the evidence of discharge of the underlying obligations has not been identified; and

(v) In respect of the Demand Letters, the relevant counterparties were stated to be entitled, in the event of non-payment, to enforce rights against the controlling shareholding in the Company.

Kroll's interim update noted that the investigation remains ongoing, with key procedures still to be completed including independent interviews with Mr. Zheng Nenghuan and other relevant parties, completion of remaining forensic analysis, forensic technology review, and a review of relevant internal controls. The findings and conclusions in the interim update are preliminary in nature and may be subject to revision as further procedures are performed.

***Outstanding work, cooperation and timeline***

Significant procedures remain to be completed before Kroll can reach its conclusions, including: conducting an independent interview of Mr. Zheng Nenghuan and reviewing any information he provides; conducting independent interviews of other Directors, relevant personnel and third parties; completing the forensic analysis and substantive review, including in respect of outstanding records of the principal operating subsidiary of the Company; completing the forensic technology procedures; conducting the internal control review; and reviewing further relevant materials.

The current working timeline envisages completion of the independent investigation, including the independent forensic investigation, by September 2026. This timeline is, however, contingent upon completion of a number of the outstanding procedures, including matters which require Mr. Zheng Nenghuan's cooperation. As explained further in the section "Cooperation with the Independent Investigation" below, Mr. Zheng's cooperation has not to date been forthcoming. The Company reiterates its request that Mr. Zheng Nenghuan cooperate with the independent investigation without further delay, so that the independent investigation may be completed and the Resumption Guidance fulfilled.

***The independent investigation is a mandatory and continuing obligation of the Company***

For the avoidance of doubt, the Board wishes to make clear that the independent investigation is not a discretionary undertaking that the Company, the Board or any future board may elect to commence, continue or abandon at will. The conduct and completion of an appropriate independent forensic investigation into the Matters, the announcement of its findings and the taking of appropriate remedial actions are specific requirements imposed by the Stock Exchange under conditions (i) and (ii) of the Resumption Guidance, and are express prerequisites to the resumption of trading in the Company's shares.

These obligations are continuing obligations of the Company that subsist irrespective of any change in the composition of the Board. Any failure to fulfil the Resumption Guidance, including by reason of the independent investigation being discontinued, curtailed or redirected before its completion, would jeopardise the Company's ability to resume trading in its shares and could ultimately result in the cancellation of the Company's listing under Rule 6.01A of the Listing Rules, the 18-month period in respect of which expires on 30 September 2027. The Board considers that such an outcome would be contrary to the interests of the Company and its shareholders, in particular its minority shareholders, as a whole.

***Cooperation with the independent investigation***

As alluded in the Company's announcement dated 16 March 2026, the independent investigator reported that, despite repeated invitations extended on 24 December 2025, 2 January 2026, 7 January 2026, 14 January 2026 and 26 February 2026, Mr. Zheng Nenghuan did not provide a substantive response in respect of the matters then under investigation. Kroll has likewise invited, and intends to continue to invite, Mr. Zheng Nenghuan to participate in the independent investigation. As at the date of this announcement, Kroll has not received any response to the questions posed to Mr. Zheng Nenghuan. However, Kroll has received replies from Mr. Zheng Nenghuan stating, among others, that he is consulting his legal advisers, that he believes the formulation of the IBC is procedurally illegal and he will fully cooperate and comply as long as the IBC is lawfully formed.

The Board considers it important that all relevant persons, and especially Mr. Zheng Nenghuan, should cooperate fully with the independent investigation, so that the independent investigation may be completed and the Resumption Guidance fulfilled.

***Regulatory concern and internal control review***

The demonstration of no reasonable regulatory concern as to the integrity, competence and/or character of management or persons with substantial influence over the Company will be addressed upon completion of the independent investigation, and the independent internal control review and remediation will commence upon Kroll being in a position to produce the final findings of the independent investigation.

***Proposed changes to the Board by Han Vision and risk to the independent investigation arising from such proposed changes***

As disclosed in the supplementary circular of the Company dated 25 June 2026 (the "**Supplemental Circular**"), pursuant to Article 85 of the Articles of Association of the Company, Han Vision had requisitioned to nominate at the upcoming annual general meeting ("**AGM**") the five individuals previously nominated in late 2025 (the "**Han Vision Nominees**") as directors of the Company. The proposed resolutions to appoint the Han Vision Nominees to the Board will be put forward at a general meeting to be held in due course.

The nomination committee of the Company (the "**Nomination Committee**") has made requests to Han Vision and Mr. Zheng Nenghuan (as the ultimate beneficial owner and controller of Han Vision) that the Han Vision Nominees make themselves available for interviews and provide such information and documents as would be necessary for the Nomination Committee to conduct a proper assessment of the Han Vision Nominees' suitability, qualifications, experience and independence (where applicable) in accordance with the Nomination Committee's established protocol and past practices, and to make appropriate recommendations to the Board on the appointments. Regrettably, the Nomination Committee has not been afforded the opportunity to interview or otherwise assess the Han Vision Nominees. The only responses received were replies from Mr. Zheng Nenghuan to the effect that, in his view, the information already provided in the Requisition Notice was sufficient and that no further information was considered by him to be necessary for the purpose of the nomination or the appointment of the Han Vision Nominees. As the Nomination Committee has been unable to discharge its duties under its terms of reference, no recommendation could be or has been made to the Board. The Nomination Committee and the Board wish to place on record that they cannot accept responsibility for the suitability, qualifications, experience, integrity or independence of the Han Vision Nominees.

The Board reiterates its serious concern that once these unvetted Han Vision Nominees are appointed to the Board, they are likely to be beholden to Mr. Zheng Nenghuan's personal interests. In addition, allowing a board overhaul before the completion of the independent investigation by the existing members of the Independent Committee would waste all prior efforts of the Independent Committee, effectively insulate Mr. Zheng Nenghuan from accountability, prolong and/or prevent the completion of the investigation into the Matters, potentially preclude the Company from fulfilling the Resumption Guidance and ultimately harm minority shareholders' interests.

The independent investigation is being conducted on behalf of, and under the direction of, the Independent Committee. If the independent non-executive Directors who constitute the Independent Committee cease to hold office through being voted out in a general meeting by Han Vision as the controlling shareholder, the current Independent Committee would cease to exist and the independent investigation would be deprived of the body responsible for instructing and overseeing it. The Board is concerned that, if changes to the composition of the Board are effected before the independent investigation is completed, the independent investigation, being an investigation into Matters concerning Mr. Zheng Nenghuan, may be discontinued, curtailed or redirected before its findings are determined.

The Board understands that the proposed changes to the composition of the Board may be carried at the AGM through the exercise of the voting rights attaching to the shares in the Company held by or through Han Vision, of which Mr. Zheng is the controlling shareholder. The Board further understands that the proposed board changes may be advanced on the basis of an apparent view that, following any reconstitution of the Board, the reconstituted board would have latitude or discretion to decide whether to continue the independent investigation, or to change its scope or direction.

The Board wishes to address that view directly. For the reasons set out above, the independent investigation is not a matter within the discretion of the Board (whether as presently constituted or as it may be reconstituted from time to time). It is a requirement imposed on the Company by the Stock Exchange under the Resumption Guidance and an express prerequisite to the resumption of trading in the Company's shares. Accordingly, the Board considers that any understanding to the effect that a reconstituted board would be free to discontinue, curtail or redirect the independent investigation would be mistaken: the obligation to procure the completion of an appropriate and unfettered independent investigation including an independent forensic investigation, and to announce their findings, is a continuing obligation of the Company that would bind any board, and the discontinuation, curtailment or redirection of the independent investigation before its completion would frustrate the Resumption Guidance, place at risk the Company's ability to resume trading, and would, in the Board's view, be contrary to the interests of the Company and its minority shareholders as a whole.

The matters described above, and the matters concerning the AGM and the related proceedings before the courts of the Cayman Islands referred to in the Company's previous announcements (the "**Cayman Proceedings**"), are presently the subject of those proceedings. Nothing in this announcement is intended to pre-empt, or to comment upon the merits of, the Cayman Proceedings, or to predict the conduct of any person or of any reconstituted board. The Company will make further announcement(s) in respect of the Cayman Proceedings as and when appropriate.

***Audit status***

The audit committee of the Company (the "**Audit Committee**") has maintained communication with its external auditor, Moore CPA Limited ("**Moore**") regarding the development of the Matters and how to address their concerns. Despite the efforts of the Board and the Audit Committee in communicating with Mr. Zheng Nenghuan for the information and supporting documents requested by Moore, Mr. Zheng Nenghuan was not forthcoming with his responses. In their recent communication with the Company and the Audit Committee, Moore advised that it is not aware of any material progress having been made in resolving the outstanding matters previously raised in its correspondences, which remain major obstacles to the finalisation of the 2025 annual audit (the "**2025 Annual Audit**"). These outstanding matters include: (i) contingent liabilities, guarantees, indemnities or provisions arising from agreements, documents and resolutions approved or signed by Mr. Zheng Nenghuan between 10 September 2025 and 15 December 2025; (ii) the identification, analysis, disclosure and/or approval of all related party and connected transactions, including parties directly or indirectly controlled by, beneficially owned by, or subject to the significant influence of Mr. Zheng; (iii) the legal consequences and financial implications arising from the non-completion of the SPA, including any exposure to damages, penalties or litigation; (iv) the finalisation of the fair value measurement of the convertible bonds; (v) adjustments to the carrying value of the Group's assets to their recoverable amounts, and provision for any further liabilities that may arise if the Group is unable to continue as a going concern; and (vi) any necessary reclassification of non-current assets and non-current liabilities to current arising from concerns over the Group's going concern basis. Until these matters are resolved, Moore is not in a position to finalise the audit or issue an opinion, and has indicated that the unresolved matters may result in a modified audit opinion (which may take the form of a qualified opinion, disclaimer of opinion and/or a material uncertainty related to going concern). Moore has also noted that recent developments, including the continued trading suspension and delisting risk, the engagement of Kroll as independent forensic investigator, the allegations concerning Mr. Zheng Nenghuan's association with Huahan Technology Co., Ltd., and the potential change in the composition of the Board, are directly relevant to the audit and that any change in the Board affecting the continuity of the investigation may impair Moore's ability to complete the 2025 Annual Audit.

The Board and the Audit Committee will continue to work with Moore with a view to resolving the outstanding matters.

***Business updates***

During the period under review, the Group has continued to carry on its principal business of the provision of interior fitting-out services through its principal operating subsidiary. However, the Group's financial position and operations remain subject to significant challenges and uncertainties, including the liquidity pressure associated with the ongoing legal proceedings affecting the Group and person(s) that contributed to its liquidity and financing constraints, the concerns regarding the integrity of the controlling shareholder that are the subject of the Matters and the independent investigation, and the management-continuity uncertainty constraints which have an effect on the Group's ability to obtain external financing and to raise equity financing, all of which the Board considers to be the principal causes of the going concern uncertainty and the possible audit modification.

At the same time, the uncertainty surrounding the Matters and the prolonged suspension of trading have adversely affected the Group's reputation in the market. As a result, certain existing and prospective customers have expressed reluctance to enter into new contracts or to extend existing engagements with the Group, which has had an adverse impact on the Group's order book and business pipeline.

**The Company will publish further announcement(s) to inform its Shareholders and potential investors of any material developments in connection with the above matter as and when appropriate.**

## CONTINUED SUSPENSION OF TRADING

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

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

Singapore, 30 June 2026

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