



SOLIS HOLDINGS LIMITED

守益控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 2227

2023

INTERIM REPORT

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Tay Yong Hua (*Chairman*)
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Garnok
Mr. Choong Pei Nung
Mr. Kwong Choong Kuen (Huang Zhongquan)

AUDIT COMMITTEE

Mr. Cheung Garnok (*Chairman*)
Mr. Choong Pei Nung
Mr. Kwong Choong Kuen (Huang Zhongquan)

REMUNERATION COMMITTEE

Mr. Choong Pei Nung (*Chairman*)
Mr. Tay Yong Hua
Mr. Cheung Garnok

NOMINATION COMMITTEE

Mr. Kwong Choong Kuen (Huang Zhongquan) (*Chairman*)
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
Mr. Cheung Garnok

CORPORATE GOVERNANCE COMMITTEE

Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
(*Chairman*)
Mr. Choong Pei Nung
Mr. Kwong Choong Kuen (Huang Zhongquan)

COMPANY SECRETARY

Ms. Chin Ying Ying

AUTHORIZED REPRESENTATIVES

Mr. Kenneth Teo Swee Cheng
(Kenneth Zhang Ruiqing)
Ms. Chin Ying Ying

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

85 Tagore Lane
Singapore 787527

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 903A-5, 9/F.,
8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

INDEPENDENT AUDITOR

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge: Mr. Chan Sek Wai (A practising member of the Institute of Chartered Accountants of Singapore) (Date of appointment: Since financial year ended 31 December 2021)

Corporate Information *(continued)*

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Singapore 018981

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2227

COMPANY WEBSITE

www.TheSolisGrp.com

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is a design and build mechanical and electrical (“M&E”) engineering contractor in Singapore and our scope of services comprises (i) designing of M&E systems, which involves the design for functionality and connectedness of various building systems; and (ii) building and installation of the M&E systems. The Group has been established for over 30 years and specialises in electrical engineering, and the projects are in relation to new building developments and major additions and alterations works, which include private residential, mixed residential and commercial developments and institutional buildings.

In 2023, despite the stable outlook, Singapore’s construction market is still expected to face higher construction costs. Material and manpower costs have gone up by 30 per cent to 40 per cent compared with pre-pandemic levels. Even though construction demand appears to be steady, there are many challenges that lie ahead, including the growing risk of recession in Singapore, supply chain pressures, climate change, shortage of labour, and significantly higher manpower and material costs as compared to pre-pandemic levels.

The global economy will continue to face headwinds in 2023, from a rising interest rate environment and higher inflationary pressures, global supply chain disruptions and the ongoing geopolitical conflict. Looking ahead, Singapore’s construction market will see strong construction demand, projected by the Building and Construction Authority, with the public sector continuing to lead demand and private sector to remain steady over the medium term.

The Group has also adopted a more prudent approach in tendering for new projects in view of the current intense bidding price competition. The Group believes that continued investments to enhance the Group’s workforce and adopt new building technologies to support improved productivity for construction projects will strengthen our competitive edge in the tender and delivery of new construction projects. The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner, while it continues to ensure smooth progress of its projects and practice tight cost controls. The Group will be well-equipped to rise to new challenges that may appear and will remain dedicated to preserving its market leadership while creating greater value for its shareholders.

For the six months ended 30 June 2023 (the “Period”), the Group’s revenue decreased by approximately 17.6% to approximately S\$5.6 million as compared to approximately S\$6.8 million recorded in the corresponding period. This was mainly due to a public sector project and a private sector project which were completed during the year ended 31 December 2022, hence there is no revenue contribution for these projects in the Period. Our gross profit decreased by approximately S\$0.8 million, from approximately S\$1.0 million for the six months ended 30 June 2022 to approximately S\$0.2 million for the Period.

Ongoing projects

As at 30 June 2023, the Group had five ongoing projects with an aggregate contract sum of approximately S\$55.7 million, of which approximately S\$18.7 million had been recognised as revenue as at 30 June 2023. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

Management Discussion and Analysis *(continued)*

FINANCIAL HIGHLIGHT AND REVIEW

	For the six months ended 30 June		
	2023 S\$' million	2022 S\$' million	Change %
Revenue	5.6	6.8	-17.6
Gross profit	0.2	1.0	-80.0
Gross profit margin	4.1%	14.7%	-10.6
Net loss	(1.0)	(0.5)	100.0
Loss per share (S\$ cents)	(0.11)	(0.05)	120.0

REVENUE

The Group derived revenue from our design and/or build and installation of M&E systems for both private sector and public sector projects.

	For the six months ended 30 June					
	2023			2022		
	Number of projects with revenue contribution	S\$ million	% of total revenue	Number of projects with revenue contribution	S\$ million	% of total revenue
Private sector projects	1	0.7	12.5	2	3.2	47.1
Public sector projects	4	4.9	87.5	5	3.6	52.9
Total	5	5.6	100.0	7	6.8	100.0

Our revenue decreased by approximately S\$1.2 million or 17.6%, from approximately S\$6.8 million for the six months ended 30 June 2022 to approximately S\$5.6 million for the Period, which was mainly due to a public sector project and a private sector project which were completed during the year ended 31 December 2022, hence there is no revenue contribution for the Period for these 2 projects.

COST OF SERVICES

Our cost of services decreased by approximately S\$0.4 million or 6.9%, from approximately S\$5.8 million for the six months ended 30 June 2022 to approximately S\$5.4 million for the Period, which was in line with the decrease in revenue for the same period.

Management Discussion and Analysis *(continued)*

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased by approximately S\$0.8 million, from approximately S\$1.0 million for the six months ended 30 June 2022 to approximately S\$0.2 million for the Period. Our gross profit margin decreased from approximately 14.7% for the six months ended 30 June 2022 to approximately 4.1% for the Period. The decrease in gross profit margin is mainly attributable to the current ongoing projects which have lower project margins as compared to the corresponding period.

OTHER INCOME

Other income increased by approximately S\$1.5 million or 375.0%, from approximately S\$0.4 million for the six months ended 30 June 2022 to approximately S\$1.9 million for the Period. Such increase was mainly attributable to the increase in interest income from banks, rental income and management fee income charged to joint venture.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group increased by approximately S\$0.6 million or 26.1%, from approximately S\$2.3 million for the six months ended 30 June 2022 to approximately S\$2.9 million for the Period. Such increase was mainly due to the depreciation expense from the right-of-use assets, professional fees incurred and the increase in staff costs during the Period.

TAX EXPENSE

As the Group recorded tax loss for both periods, there was no income tax expense recorded.

LOSS FOR THE PERIOD

Loss for the Period increased by approximately 100.0% to approximately S\$1.0 million for the Period from approximately S\$0.5 million for the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2022: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the Period. As of 30 June 2023, the Group had cash and bank balances of approximately S\$20.1 million (31 December 2022: approximately S\$24.0 million) and available unutilised banking facilities of approximately S\$1.6 million (31 December 2022: approximately of S\$3.5 million).

As at 30 June 2023, the Group's indebtedness comprised bank borrowing and lease liabilities denominated in Singapore dollars of approximately S\$5.9 million (31 December 2022: S\$6.1 million).

The Group's current ratio was approximately 2.0 times (31 December 2022: approximately 2.0 times) and gearing ratio was approximately 12.1% (31 December 2022: 12.1%).

Management Discussion and Analysis *(continued)*

PLEDGE OF ASSETS

As at 30 June 2023, the Group had pledged fixed deposits of approximately S\$1.7 million (31 December 2022: approximately S\$1.7 million) to secure the banking facilities granted to the Group. The Group's two owned properties with a fair value amounted to approximately S\$22.9 million (31 December 2022: approximately S\$23.0 million) were pledged under a mortgage to secure the banking facilities with a bank.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some listing proceeds in Hong Kong dollars amounting to approximately S\$0.5 million (31 December 2022: approximately S\$0.7 million) that are exposed to foreign exchange rate risks.

The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2023, there has been no change to the capital structure of the Company. 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 bank facilities.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any material contingent liabilities and capital commitments (31 December 2022: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies during the period ended 30 June 2023.

SIGNIFICANT INVESTMENTS HELD AND PRINCIPAL PROPERTIES

Save for those disclosed in relation to the financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and properties held by the Group, as at 30 June 2023, the Group did not have any other investment in equity interest in any other company.

Management Discussion and Analysis *(continued)*

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had a total of 149 employees (30 June 2022: 137 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S\$2.8 million for the Period as compared to approximately S\$2.7 million for six months ended 30 June 2022.

The Group's employees are remunerated according to their job scope, responsibilities, and performance. On top of basic salaries, employees are also entitled to discretionary bonuses depending on their respective performance and the profitability of the Group. The Group's foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills.

The emoluments of Directors and senior management were reviewed by the remuneration committee of the Company, having regard to salaries paid by comparable companies, experience, responsibilities, and performance of the Group, and approved by the Board.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

On 3 July 2023, the indirect wholly-owned subsidiary of the Company accepted and exercised the option in relation to the acquisition of a property located at 450 Tagore Industrial Avenue Singapore 787821 at a consideration of S\$9,380,000. For further details, please refer to the Company's announcement dated 3 July 2023 and the circular dated 18 August 2023.

Save for those disclosed above, the Group does not have any other plans for material investments and capital assets as at 30 June 2023.

Other Information

RELATED PARTY TRANSACTIONS

During the Period, details of the significant related party transactions undertaken in the normal course of business are set out in the note 17 to the Interim consolidated financial statements, and none of which constitutes a disclosable connected transaction as defined under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY’S BUSINESS

Save for the service contract/letter of appointment with the Directors, no other transactions, arrangements or contracts that is significant in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Period or at any time during the Period.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the “Share Option Scheme”), which was approved by written resolutions passed by its sole Shareholder on 14 November 2017 and became unconditional on 11 December 2017. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (including executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions with a payment of HK\$1.00 upon each grant of options offered.

The exercise price of the share option will be not less than the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of ten years from 14 November 2017 to 13 November 2027, after which no further options will be granted or offered.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the number of shares of Company in issue from time to time. Unless further shareholders’ approval has been obtained pursuant to the conditions set out in the Share Option Scheme, no person shall be granted an option which, if all the options granted to the person (including both exercised and outstanding options) in any 12 months period up to the date of grant are exercised in full, would result in such person’s maximum entitlement exceeding 1% of the number of issued shares of Company.

As at 30 June 2023 and up to the date of this report, there was no option outstanding, granted, cancelled, exercised or lapsed.

Other Information (continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Apart from the share option scheme of the Company, at no time during the Period was the Company or any associated corporation 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 other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests or short positions of Directors and the chief executive of the Company in the shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong (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 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 recorded in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules, were as follows:

(I) Long position in the ordinary shares and underlying shares of the Company

(i) Interests in the Company

Name of directors	Personal interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	Approximate % of the Company's issued voting shares
Mr. Tay Yong Hua ^{Note 1}	20,000,000	529,792,000	549,792,000	-	549,792,000	60.05%
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) ^{Note 2}	-	529,792,000	529,792,000	-	529,792,000	57.86%
Mr. Kwong Choong Kuen (Huang Zhongquan)	2,144,000	-	2,144,000	-	2,144,000	0.23%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in HMK Investment Holdings Limited ("HMK") and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.
2. Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) holds 4% shares in HMK and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.

Other Information (continued)

(ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associate corporation
Mr. Tay Yong Hua	HMK	Beneficial owner	90	90%
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)	HMK	Beneficial owner	4	4%

Save as disclosed above, as at 30 June 2023, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the shares or the underlying shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate % of the Company's issued voting shares
HMK ^{Note 1}	Beneficial owner	529,792,000	57.86%
Mr. Tay Yong Meng ^{Note 2}	Interest in a controlled corporation	529,792,000	57.86%
Ms. Lim Sim Swee ("Mrs. Tay") ^{Note 3}	Deem interest by virtue of interest held by spouse	549,792,000	60.05%
Mr. Zheng Ming Qiang ("Mr. Zheng") ^{Note 4}	Beneficial owner	67,073,714	7.33%

Notes:

- The 529,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), and they are deemed to be interested in 529,792,000 shares held by HMK by virtue of the SFO.
- Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 529,792,000 shares held by HMK under the SFO.
- Mrs. Tay, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.
- According to the individual substantial shareholder notice filed on 8 April 2020 by Mr. Zheng, 67,073,714 shares are beneficially held by him.

Other Information *(continued)*

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the Directors, the substantial shareholders or the management of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group during the Period.

CORPORATE GOVERNANCE

The Group is committed to maintaining high corporate governance standards to safeguard the interest of the Shareholders and to enhance corporate value and accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the corporate governance codes (the "CG Code") as contained in Appendix 14 to the Listing Rules.

The Board considers that the Company has fully complied with all the applicable principles and code provisions as set out in the CG Code during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors (the "Model Code") on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Period after making reasonable enquiry.

AUDIT COMMITTEE

The Company established an audit committee on 14 November 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Company has updated the written terms of reference of Audit Committee on 16 November 2018 in compliance with the new CG Code with effect from 1 January 2019. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

As at 30 June 2023, the Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Garnok (Chairman), Mr. Choong Pei Nung and Mr. Kwong Choong Kuen. None of them is a former partner of the Company's existing auditing firm. Mr. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

Other Information *(continued)*

The financial information in this report has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the Period and is of the opinion that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public during the Period.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Future plans for material investment and capital assets", up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the Period.

By Order of the Board
Solis Holdings Limited
Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 25 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

The board (the “Board”) of directors (the “Directors”) of Solis Holdings Limited (the “Company”) hereby announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. The Group’s interim results for the six months ended 30 June 2023 are unaudited, but have been reviewed by the audit committee of the Company.

	Note	Six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue	4	5,619	6,808
Cost of services		(5,389)	(5,807)
Gross profit		230	1,001
Other income	5	1,933	449
Other gains – net	6	32	308
Administrative expenses		(2,927)	(2,253)
Finance costs	7	(117)	(4)
Provision for share of net liabilities of joint venture		(198)	–
Loss before tax	8	(1,047)	(499)
Tax expense	9	–	–
Loss for the period		(1,047)	(499)
Other comprehensive loss:			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Fair value loss of financial assets at fair value through other comprehensive income – debt securities		(12)	(125)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss of financial assets at fair value through other comprehensive income – equity securities		(132)	(201)
Other comprehensive loss for the period, net of tax		(144)	(326)
Total comprehensive loss for the period		(1,191)	(825)
Loss attributable to:			
Owners of the Company		(1,047)	(499)
Non-controlling interest		–*	–
Loss for the period		(1,047)	(499)
Total comprehensive loss attributable to:			
Owners of the Company		(1,191)	(825)
Non-controlling interest		–*	–
Total comprehensive loss for the period		(1,191)	(825)
Loss per share of the Company (expressed in Singapore cents per share)			
Basic and diluted	10	(0.11)	(0.05)

* Amount is less than S\$1,000.

Consolidated Statement of Financial Position

As at 30 June 2023

	<i>Note</i>	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Non-current assets			
Property, plant and equipment		24,285	25,030
Right-of-use assets		607	335
Intangible assets		62	62
Investment in joint venture		–	–
Financial assets at fair value through other comprehensive income		10,324	9,102
Financial asset at fair value through profit or loss		4,237	4,237
Total non-current assets		39,515	38,766
Current assets			
Trade receivables	11	825	562
Other receivables, deposits and prepayments	12	527	516
Contract assets		3,612	3,782
Inventories		40	48
Pledged fixed deposits	13	1,715	1,711
Cash and cash equivalents	13	20,077	24,036
Total current assets		26,796	30,655
Total assets		66,311	69,421
Non-current liabilities			
Bank borrowing, non-current		5,419	5,479
Lease liabilities, non-current		87	189
Deferred tax liabilities		229	229
Total non-current liabilities		5,735	5,897
Current liabilities			
Trade payables and trade accruals	14	2,480	2,127
Other payables and accrued expenses	15	10,076	10,831
Contract liabilities		515	1,797
Bank borrowing, current		127	136
Lease liabilities, current		270	334
Total current liabilities		13,468	15,225
Total liabilities		19,203	21,122
Net assets		47,108	48,299
Equity and reserves			
Share capital	16	1,585	1,585
Share premium	16	34,440	34,440
Retained (losses)/earnings		(315)	732
Reserves		11,401	11,545
Equity attributable to owners of the Company		47,111	48,302
Non-controlling interest		(3)	(3)
Total equity		47,108	48,299

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company									Total S\$'000
	Share capital S\$'000	Share premium S\$'000	Retained (losses)/ earnings S\$'000	Merger reserve S\$'000	Revaluation reserve for intangible assets S\$'000	Revaluation reserve for at fair value through other comprehensive income S\$'000	Revaluation reserve for property, plant and equipment S\$'000	Attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	
Balance at 1 January 2023 (audited)	1,585	34,440	732	1,500	11	(967)	11,001	48,302	(3)	48,299
Loss for the period	-	-	(1,047)	-	-	-	-	(1,047)	-	(1,047)
Other comprehensive loss for the period	-	-	-	-	-	(144)	-	(144)	-	(144)
Balance at 30 June 2023 (unaudited)	1,585	34,440	(315)	1,500	11	(1,111)	11,001	47,111	(3)	47,108

	Attributable to owners of the Company									Total equity S\$'000
	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Merger reserve S\$'000	Revaluation reserve for intangible assets S\$'000	Revaluation reserve for at fair value through other comprehensive income S\$'000	Revaluation reserve for property, plant and equipment S\$'000	Total S\$'000	Non- controlling interests S\$'000	
Balance at 1 January 2022 (audited)	1,585	34,440	1,634	1,500	77	(52)	9,672	48,856	(3)	48,853
Loss for the period	-	-	(499)	-	-	-	-	(499)	-	(499)
Other comprehensive loss for the period	-	-	-	-	-	(326)	-	(326)	-	(326)
Balance at 30 June 2022 (unaudited)	1,585	34,440	1,135	1,500	77	(378)	9,672	48,031	(3)	48,028

Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Cash flows from operating activities			
Loss before tax		(1,047)	(499)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		263	188
Depreciation of right-of-use assets		269	67
Gain on disposal of property, plant and equipment	6	-	(316)
Loss on disposal of intangible assets	6	-	49
Gain on disposal of financial assets at fair value through other comprehensive income, net	6	(32)	(41)
Interest income	5	(343)	(206)
Interest expense	5	117	-
Dividend income from equity investments		(1)	(2)
Provision for share of net liabilities of joint venture		198	-
Unrealised exchange losses/(gains)		14	(26)
Operating cash flows before movements in working capital		(562)	(786)
<i>Changes in working capital:</i>			
Trade receivables		(263)	(49)
Other receivables, deposits and prepayments		(11)	(679)
Inventories		8	40
Contract assets		170	395
Trade payables and trade accruals		353	41
Other payables and accrued expenses		(739)	(826)
Contract liabilities		(1,282)	1,325
Net cash used in operating activities		(2,326)	(539)

Consolidated Statement of Cash Flows *(continued)*

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Cash flows from investing activities			
Purchase of property, plant and equipment		(61)	(272)
Purchase of financial assets at fair value through other comprehensive income		(1,334)	(3,738)
Proceeds from disposal of property, plant and equipment		–	9,454
Proceeds from disposal of intangible assets		–	136
Dividends received		1	2
Interest received		343	83
Movement in pledged fixed deposits		(4)	(1,500)
Net cash generated (used in)/from investing activities		(1,055)	4,165
Cash flows from financing activities			
Repayment of bank borrowing		(69)	–
Repayment of lease liabilities		(164)	(65)
Interest paid		(117)	–
Net cash used in financing activities		(350)	(65)
(Decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		17,698	13,955
Effects of foreign exchange rate changes on the balance of cash held in foreign currency		–	(22)
Cash and cash equivalents at end of the period	13	13,967	17,494

Notes to Consolidated Financial Statements

1 GENERAL

The Company was incorporated in the Cayman Islands on 21 June 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is at Units 903A-5, 9/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong. The head office and principal place of business of the Group in Singapore is at 85 Tagore Lane, Singapore 787527.

The Company is a subsidiary of HMK Investment Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") which is also the Company's ultimate holding company. Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng jointly controls the ultimate holding company and are the controlling shareholders of Solis Holdings Limited and its subsidiaries (the "Group") (together referred to as the "Controlling Shareholders").

The Company is an investment holding company. The Company's operating subsidiary (collectively, the "Group") is principally engaged in designing, building and installations of mechanical and electrical systems.

The shares of the Company were listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer on 11 December 2017.

2 BASIS OF PREPARATION

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency. All financial information presented in Singapore dollar are rounded to the nearest thousand ("S\$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared under the historical cost convention except for certain properties, intangible assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Notes to Consolidated Financial Statements *(continued)*

3 ADOPTION OF NEW AND REVISED STANDARDS

In the current financial period, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations (“IFRIC INT”) that are relevant to its operations and effective for the current financial period. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC INT.

The adoption of these new and revised IFRSs and IFRIC INT did not have any material effect on the financial results or position of the Group.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial period ended 30 June 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

4 REVENUE AND SEGMENT INFORMATION

Information is reported to the executive directors of the Group, being the chief operating decision makers, for the purposes of resource allocation and performance assessment. They would review the overall results and financial position of the Group as a whole prepared based on same accounting policies. Accordingly, the Group has only one single operating segment and only disclosures on services, major customers and geographical information of this single segment are presented.

Timing of revenue recognition

	Six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems over time	5,619	6,808

Notes to Consolidated Financial Statements *(continued)*

4 REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group of the corresponding periods are as follows:

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Customer A	3,475	2,780
Customer B	1,362	N/A*
Customer C	723	1,325
Customer D	–	1,711

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective financial periods.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the financial periods are as follows:

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems:		
Within 1 year	37,052	11,898
More than 1 year	–	36,866
	37,052	48,764

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. All revenue was derived from Singapore based on the location of services performed and the Group's property, plant and equipment are all located in Singapore. Accordingly, no geographical segment analysis is presented.

Notes to Consolidated Financial Statements *(continued)*

5 OTHER INCOME

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Interest income from banks	343	206
Dividend income from equity investments	1	2
Government grants	38	161
Management fee income charged to joint venture	1,017	–
Rental income	533	75
Others	1	5
	1,933	449

6 OTHER GAINS – NET

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Gain on disposal of property, plant and equipment	–	316
Loss on disposal of intangible asset	–	(49)
Gain on disposal of financial assets at fair value through other comprehensive income	32	41
	32	308

Notes to Consolidated Financial Statements *(continued)*

7 FINANCE COSTS

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Interest expense:		
– Bank borrowing	109	–
– Lease liabilities	8	4
	117	4

8 LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Auditor's remuneration		
– Auditors of the Group	56	55
Fees for the non-audit services paid to		
– Auditors of the Group	2	2
Depreciation of property, plant and equipment	263	188
Depreciation of right-of-use assets	269	67
Employee benefits expenses, including directors' emoluments		
– Directors' emoluments (including employer's contribution to defined contribution plans)	509	620
– Salaries and other benefits	2,210	1,980
– Employer's contribution to defined contribution plans	106	103
Dormitories expense	72	65
Subcontractor costs included in cost of services	536	454
Foreign currency exchange losses, net	14	26

Employees benefits expenses of S\$1,338,000 (six months ended 30 June 2022: S\$1,260,000) are included in cost of services.

Notes to Consolidated Financial Statements *(continued)*

9 TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% (30 June 2022: 17%) on the estimated assessable profit.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (30 June 2022: Nil).

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

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("CIT")	–	–
Deferred tax charged to other comprehensive income		
– current financial period	–	–

10 LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the number of ordinary shares in issue during the financial period.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to the owners of the Company (S\$'000)	(1,047)	(499)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	915,600	915,600
Loss per share (S\$ cents per share)	(0.11)	(0.05)

b) Diluted

The diluted loss per share is the same as the basic loss per share due to the absence of dilutive ordinary shares during the respective periods.

Notes to Consolidated Financial Statements *(continued)*

11 TRADE RECEIVABLES

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Trade receivables – third parties	825	562

The Group grants credit terms to customers typically up to 35 days (31 December 2022: 35 days) from the invoice date for trade receivables. As at 30 June 2023 and 31 December 2022, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
1 to 30 days	377	526
31 to 60 days	396	12
61 to 90 days	3	–
Over 90 days	49	24
	825	562

As at 30 June 2023 and 31 December 2022, the carrying amounts of trade receivables are denominated in S\$ and approximate their fair values.

Before accepting any new customer, the Group will assess the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

The Group applied lifetime expected credit losses (“ECL”) (simplified approach) to provide the expected credit losses as prescribed by IFRS 9.

As part of the Group's credit risk management, the ECL on trade receivables are assessed individually for debtors with significant balances. Assessment is done based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The directors of the Company considered that there is no loss allowance required for trade receivables as at 30 June 2023 and 31 December 2022.

Notes to Consolidated Financial Statements *(continued)*

12 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Deposits	148	150
Prepayments	377	300
Advances to staff	2	3
Other receivables	-	4
Interest receivable from financial assets at fair value through other comprehensive income	-	59
	527	516

As at 30 June 2023 and 31 December 2022, the carrying amounts of other receivables and deposits are denominated in S\$ and approximate their fair values.

The Group applied 12-month ECL to provide the expected credit losses as prescribed by IFRS 9.

As part of the Group's credit risk management, the Group determines the ECL on other receivables and deposits based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The directors of the Company considered that there is no loss allowance required for other receivables and deposits as at 30 June 2023 and 31 December 2022.

Notes to Consolidated Financial Statements *(continued)*

13 PLEDGED FIXED DEPOSITS/CASH AND CASH EQUIVALENTS

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Cash on hand	10	11
Cash at banks	6,397	17,659
Fixed deposits	13,670	6,366
Cash and cash equivalents at consolidated statement of financial position	20,077	24,036
Less: net cash held on behalf of joint venture	(6,110)	(6,338)
Cash and cash equivalents at consolidated statement of cash flows	13,967	17,698
Pledged fixed deposits	1,715	1,711

The fixed deposits which mature within 1 to 3 months (31 December 2022: 2 to 3 months) carry interest ranging from 3.15% to 3.89% per annum (31 December 2022: 3.70% to 4.14% per annum).

Pledged fixed deposits have an original maturity of 12 months for the purpose of securing the line of credit of S\$ 18,472,000 (31 December 2022: S\$17,481,000) granted to the Group. The balances are rolled forward on their maturity in January and March each year, and carry interest ranging from 1.5% to 3.5% per annum (31 December 2022: 0.10% to 0.26% per annum).

14 TRADE PAYABLES AND TRADE ACCRUALS

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Trade payables	2,054	1,776
Trade accruals	426	351
	2,480	2,127

Notes to Consolidated Financial Statements *(continued)*

14 TRADE PAYABLES AND TRADE ACCRUALS *(continued)*

Trade payables at the end of the financial period comprise amounts outstanding to suppliers and subcontractors. The average credit period taken for trade purchase is generally 30 to 90 days or payable upon delivery. As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade payables, based on invoice date, are as follows:

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Within 90 days	1,729	1,604
Over 90 days	325	172
	2,054	1,776

The carrying amounts of trade payables approximate their fair values.

15 OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Accrued operating expenses	779	1,339
Provision for share of net liabilities of joint venture (Note A)	662	465
Other payables (Note B)	2,525	2,688
Amount due to a former shareholder	-	1
Amount due to joint venture (Note C)	6,110	6,338
	10,076	10,831

Note A: The amount pertains to the Group's share of net liabilities for which the Group has obligations to the joint venture.

Note B: Included in other payables is S\$2,184,000 (2022: S\$2,169,000) which is related to the unpaid purchase consideration for acquisition in D.D. Resident Co. Ltd.. The movement during the financial period is primarily due to exchange differences. The amount is denominated in HKD.

Note C: This mainly pertains to the mobilisation advance (contract liabilities) received from a third-party customer on behalf of the joint venture.

Notes to Consolidated Financial Statements *(continued)*

16 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital HK\$'000
30 June 2023		
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2023 and 30 June 2023	10,000,000,000	100,000
	Number of shares	Share capital S\$'000
Issued and fully paid:		Share premium S\$'000
At 1 January 2023 and 30 June 2023	915,600,000	1,585
		34,440

	Number of shares	Share capital HK\$'000
31 December 2022		
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2022 and 31 December 2022	10,000,000,000	100,000
	Number of shares	Share capital S\$'000
Issued and fully paid:		Share premium S\$'000
At 1 January 2022 and 31 December 2022	915,600,000	1,585
		34,440

Notes to Consolidated Financial Statements *(continued)*

17 RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- a) In addition to information disclosed elsewhere in the Interim consolidated financial statements, the following transactions took place between the Group and a related party during the financial period on terms agreed by the parties concerned:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Joint venture		
Management fee income charged to (Note 5)	1,017	–
Cash received on behalf	10,206	–
Payments made on behalf	4,096	–
	15,319	–

b) Key management personnel compensation

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel includes executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Salaries, allowances and benefits in kind	491	579
Employer's contribution to defined contribution plans	20	21
	511	600