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SOLIS HOLDINGS LIMITED
守益控股有限公司

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

Revenue remains consistent at approximately S\$5.6 million for the six months ended 30 June 2024 with that of the six months ended 30 June 2023.

Gross profit increased by approximately 250.0% to approximately S\$0.7 million for the six months ended 30 June 2024 from approximately S\$0.2 million for the six months ended 30 June 2023.

Loss for the six months ended 30 June 2024 decreased by approximately 50.0% to approximately S\$0.5 million from approximately S\$1.0 million for the six months ended 30 June 2023.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Solis Holdings Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 (the “Period”), together with the comparative figures for the six months ended 30 June 2023. The Group’s interim results for the Period are unaudited, but have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | <i>Note</i> | Six months ended 30 June | |
|---|-------------|---------------------------------|-----------------------|
| | | 2024 | 2023 |
| | | S\$’000 | S\$’000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 4 | 5,553 | 5,619 |
| Cost of services | | <u>(4,834)</u> | <u>(5,389)</u> |
| Gross profit | | 719 | 230 |
| Other income | 5 | 2,218 | 1,933 |
| Other gains – net | 6 | 180 | 32 |
| Administrative expenses | | (3,441) | (2,927) |
| Finance costs | 7 | (135) | (117) |
| Provision for share of net liabilities of a joint venture | | <u>(5)</u> | <u>(198)</u> |
| Loss before tax | 8 | (464) | (1,047) |
| Tax expense | 9 | <u>–</u> | <u>–</u> |
| Loss for the period | | <u>(464)</u> | <u>(1,047)</u> |
| Other comprehensive income/(loss): | | | |
| <i>Item that is or may be reclassified subsequently to profit or loss:</i> | | | |
| Fair value gain (loss) of financial assets at fair value through other comprehensive income – debt securities | | 20 | (12) |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Fair value gain (loss) of financial assets at fair value through other comprehensive income – equity securities | | <u>216</u> | <u>(132)</u> |
| Other comprehensive income/(loss) for the period, net of tax | | <u>236</u> | <u>(144)</u> |
| Total comprehensive loss for the period | | <u>(228)</u> | <u>(1,191)</u> |

| | | Six months ended 30 June | |
|--|-------------|---------------------------------|--------------------------|
| | <i>Note</i> | 2024 | 2023 |
| | | S\$'000 | S\$'000 |
| | | (Unaudited) | (Unaudited) |
| Loss attributable to: | | | |
| Owners of the Company | | (464) | (1,047) |
| Non-controlling interest | | —* | —* |
| | | <u> </u> | <u> </u> |
| Loss for the period | | (464) | (1,047) |
| | | <u><u> </u></u> | <u><u> </u></u> |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (228) | (1,191) |
| Non-controlling interest | | —* | —* |
| | | <u> </u> | <u> </u> |
| Total comprehensive loss for the period | | (228) | (1,191) |
| | | <u><u> </u></u> | <u><u> </u></u> |
| Loss per share of the Company | | | |
| (expressed in Singapore cents per share) | | | |
| Basic and diluted | <i>10</i> | (0.05) | (0.11) |
| | | <u><u> </u></u> | <u><u> </u></u> |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | <i>Note</i> | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|--|-------------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 33,939 | 34,531 |
| Right-of-use assets | | 226 | 383 |
| Intangible assets | | 73 | 73 |
| Investment in a joint venture | | – | – |
| Financial assets at fair value through other comprehensive income | | 14,155 | 8,941 |
| Financial asset at fair value through profit or loss | | 5,664 | 5,765 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 54,057 | 49,693 |
| Current assets | | | |
| Trade receivables | <i>11</i> | 1,036 | 944 |
| Other receivables, deposits and prepayments | <i>12</i> | 320 | 454 |
| Contract assets | | 2,152 | 3,528 |
| Inventories | | 99 | 28 |
| Amount due from ultimate holding company | | 28 | – |
| Pledged fixed deposits | | 1,771 | 1,715 |
| Cash and cash equivalents | | 4,766 | 13,739 |
| | | <hr/> | <hr/> |
| Total current assets | | 10,172 | 20,408 |
| | | <hr/> | <hr/> |
| Total assets | | 64,229 | 70,101 |
| Non-current liabilities | | | |
| Bank borrowing, non-current | | 5,304 | 5,364 |
| Lease liabilities, non-current | | 18 | 53 |
| Deferred tax liabilities | | 359 | 359 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 5,681 | 5,776 |
| | | <hr/> | <hr/> |

| | <i>Note</i> | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|--|-------------|---|---|
| Current liabilities | | | |
| Trade payables and trade accruals | <i>13</i> | 1,396 | 4,710 |
| Other payables and accrued expenses | <i>14</i> | 6,477 | 8,464 |
| Contract liabilities | | 622 | 805 |
| Bank borrowing, current | | 119 | 120 |
| Lease liabilities, current | | 75 | 142 |
| Provisions | | 919 | 916 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 9,608 | 15,157 |
| | | <hr/> | <hr/> |
| Total liabilities | | 15,289 | 20,933 |
| | | <hr/> | <hr/> |
| Net assets | | 48,940 | 49,168 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Equity and reserves | | | |
| Share capital | <i>15</i> | 1,585 | 1,585 |
| Share premium | <i>15</i> | 34,440 | 34,440 |
| Retained earnings | | 219 | 681 |
| Reserves | | 12,700 | 12,466 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 48,944 | 49,172 |
| Non-controlling interest | | (4) | (4) |
| | | <hr/> | <hr/> |
| Total equity | | 48,940 | 49,168 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 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 ("HMK"), 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 is principally engaged in designing, building and installations of mechanical and electrical systems.

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

2 BASIS OF PREPARATION

The consolidated 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 consolidated financial statements have been prepared in accordance with the disclosure requirements of the Hong Kong Ordinance and International Financial Reporting Standards ("IFRSs"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention except for freehold building and leasehold property, intangible assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

The preparation of consolidated 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 consolidated 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.

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 2024 have not been applied in preparing these consolidated 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 | |
|---|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$’000</i> | <i>S\$’000</i> |
| | (Unaudited) | (Unaudited) |
| Construction contracts revenue for the designing, building and installations of mechanical and electrical systems over time | <u>5,553</u> | <u>5,619</u> |

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 | |
|------------|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$’000</i> | <i>S\$’000</i> |
| | (Unaudited) | (Unaudited) |
| Customer A | 2,468 | 3,475 |
| Customer B | 1,534 | 1,362 |
| Customer C | –* | 723 |
| Customer D | <u>1,417</u> | <u>–*</u> |

* The corresponding revenue did not contribute over 10% of the total revenue of the Group during the financial period.

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

| Six months ended 30 June | |
|---------------------------------|--------------------|
| 2024 | 2023 |
| S\$'000 | S\$'000 |
| (Unaudited) | (Unaudited) |

Construction contracts revenue for the designing, building and installations of mechanical and electrical systems as at 30 June:

| | | |
|---------------|---------------|---------------|
| Within 1 year | 19,489 | 37,052 |
|---------------|---------------|---------------|

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, right-of-use assets and intangible assets are all located in Singapore. Accordingly, no geographical segment analysis is presented.

5 OTHER INCOME

| Six months ended 30 June | |
|---------------------------------|--------------------|
| 2024 | 2023 |
| S\$'000 | S\$'000 |
| (Unaudited) | (Unaudited) |

| | | |
|--|--------------|--------------|
| Interest income from banks | 144 | 213 |
| Interest income from financial assets at fair value through other comprehensive income | 146 | 130 |
| Dividend income from equity investments | 1 | 1 |
| Government grants | 55 | 38 |
| Management fee income charged to a joint venture | 1,202 | 1,017 |
| Rental income | 580 | 533 |
| Others | 90 | 1 |
| | 2,218 | 1,933 |

6 OTHER GAINS – NET

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Gain on disposal of property, plant and equipment | 16 | – |
| Gain on disposal of financial assets at fair value through other comprehensive income, net | 32 | – |
| Gain on disposal of financial assets at fair value through profit or loss | 13 | 32 |
| Fair value gain on financial asset at fair value through profit or loss | 119 | – |
| | <u>180</u> | <u>32</u> |

7 FINANCE COSTS

| | Six months ended 30 June | |
|---------------------|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest expense: | | |
| – Bank borrowing | 132 | 109 |
| – Lease liabilities | 3 | 8 |
| | <u>135</u> | <u>117</u> |

8 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Auditor's remuneration | | |
| – Auditors of the Group | 64 | 56 |
| Fees for the non-audit services paid to | | |
| – Auditors of the Group | 3 | 2 |
| Depreciation of property, plant and equipment | 651 | 263 |
| Depreciation of right-of-use assets | 157 | 269 |
| Employee benefits expenses, including directors' emoluments | | |
| – Directors' emoluments (including employer's contribution to defined contribution plans) | 596 | 509 |
| – Salaries and other benefits | 2,227 | 2,210 |
| – Employer's contribution to defined contribution plans | 103 | 106 |
| Dormitories expense | 78 | 72 |
| Subcontractor costs included in cost of services | 1,955 | 536 |
| Foreign currency exchange losses, net | 56 | 14 |
| | <u>56</u> | <u>14</u> |

Employees benefits expenses of S\$1,311,000 (six months ended 30 June 2023: S\$1,338,000) are included in cost of services.

9 TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% (30 June 2023: 17%) on the estimated assessable profit for the financial period ended 30 June 2024 as the Group is principally operating in Singapore.

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 2023: Nil).

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

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2024 | 2023 |
| | <i>S\$'000</i> | <i>S\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Tax expense comprises: | | |
| Current tax | | |
| – Singapore corporate income tax (“CIT”) | – | – |
| | <u>–</u> | <u>–</u> |
| Deferred tax charged to other comprehensive income | | |
| – current financial period | – | – |
| | <u>–</u> | <u>–</u> |

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 | |
|--|--------------------------|---------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| Loss attributable to the owners of the Company (<i>S\$'000</i>) | (464) | (1,047) |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>'000</i>) | 915,600 | 915,600 |
| Loss per share (<i>S\$ cents per share</i>) | <u>(0.05)</u> | <u>(0.11)</u> |

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.

11 TRADE RECEIVABLES

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|-----------------------------------|---|---|
| Trade receivables – third parties | <u>1,036</u> | <u>944</u> |

The Group grants credit terms to customers typically up to 35 days (31 December 2023: 35 days) from the invoice date for trade receivables. As at 30 June 2024 and 31 December 2023, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|---------------|---|---|
| 1 to 30 days | 714 | 828 |
| 31 to 60 days | 290 | 4 |
| 61 to 90 days | – | – |
| Over 90 days | <u>32</u> | <u>112</u> |
| | <u>1,036</u> | <u>944</u> |

As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023.

12 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|---|---|---|
| Deposits | 19 | 70 |
| Prepayments | 292 | 275 |
| Advances to staff | 9 | 6 |
| Other receivables | – | 13 |
| Interest receivable from financial assets at fair value through other comprehensive income | – | 90 |
| | 320 | 454 |

As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023.

13 TRADE PAYABLES AND TRADE ACCRUALS

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|----------------|---|---|
| Trade payables | 1,044 | 4,166 |
| Trade accruals | 352 | 544 |
| | 1,396 | 4,710 |

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 2024 and 31 December 2023, the ageing analysis of the trade payables, based on invoice date, are as follows:

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|----------------|---|---|
| Within 90 days | 688 | 3,482 |
| Over 90 days | 356 | 684 |
| | <u>1,044</u> | <u>4,166</u> |

The carrying amounts of trade payables approximate their fair values.

14 OTHER PAYABLES AND ACCRUED EXPENSES

| | 30 June 2024 S\$'000 (Unaudited) | 31 December 2023 S\$'000 (Audited) |
|---|---|---|
| Accrued operating expenses | 838 | 1,566 |
| Other payables (<i>Note A</i>) | 2,591 | 2,598 |
| Amount due to a joint venture (<i>Note B</i>) | 3,048 | 4,300 |
| | <u>6,477</u> | <u>8,464</u> |

Note A: Included in other payables is S\$2,194,000 (31 December 2023: S\$2,135,000) 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 B: This mainly pertains to the mobilisation advance received from a third-party customer on behalf of the joint venture.

15 SHARE CAPITAL AND SHARE PREMIUM

| | Number of shares | Share capital <i>HK\$'000</i> |
|--|-------------------------|---|
| 30 June 2024 | | |
| Authorised: | | |
| Ordinary shares of HK\$0.01 each | | |
| At 1 January 2024 and 30 June 2024 | <u>10,000,000,000</u> | <u>100,000</u> |
| | Number of shares | Share capital <i>S\$'000</i> |
| | | Share premium <i>S\$'000</i> |
| Issued and fully paid: | | |
| At 1 January 2024 and 30 June 2024 | <u>915,600,000</u> | <u>1,585</u> |
| | Number of shares | Share capital <i>HK\$'000</i> |
| 31 December 2023 | | |
| Authorised: | | |
| Ordinary shares of HK\$0.01 each | | |
| At 1 January 2023 and 31 December 2023 | <u>10,000,000,000</u> | <u>100,000</u> |
| | Number of shares | Share capital <i>S\$'000</i> |
| | | Share premium <i>S\$'000</i> |
| Issued and fully paid: | | |
| At 1 January 2023 and 31 December 2023 | <u>915,600,000</u> | <u>1,585</u> |

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.

Financial year ending 31 December 2024 is another challenging year marked by sustained high interest rates, escalating geopolitical tensions, persistent high inflation pressures and continued disruptions in global supply chains. These challenges had significantly impacted the global economy, leading to higher operational expenses including elevated material and labour costs. As businesses navigate these hurdles, prioritising resilience and fostering strong relationships have been more crucial than ever.

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 Period, the Group’s revenue remains consistent at approximately S\$5.6 million for the six months ended 30 June 2024 with that of the six months ended 30 June 2023. No new projects were awarded during the Period and the current ongoing projects are progressing as scheduled. Our gross profit increased by approximately S\$0.5 million, from approximately S\$0.2 million for the six months ended 30 June 2023 to approximately S\$0.7 million for the Period.

Ongoing projects

As at 30 June 2024, the Group had five ongoing projects with an aggregate contract sum of approximately S\$57.2 million, of which approximately S\$37.7 million had been recognised as revenue as at 30 June 2024. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

FINANCIAL REVIEW

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 | | | | | |
|-------------------------|--|-------------|--------------------|--|-------------|--------------------|
| | 2024 | | | 2023 | | |
| | 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 | 0.1 | 1.8 | 1 | 0.7 | 12.5 |
| Public sector projects | 4 | 5.5 | 98.2 | 4 | 4.9 | 87.5 |
| Total | <u>5</u> | <u>5.6</u> | <u>100.0</u> | <u>5</u> | <u>5.6</u> | <u>100.0</u> |

Our revenue remains consistent at approximately S\$5.6 million for the six months ended 30 June 2024 with that of the six months ended 30 June 2023. No new projects were awarded during the Period and the current ongoing projects are progressing as scheduled.

Cost of services

Our cost of services decreased by approximately S\$0.6 million or 11.1%, from approximately S\$5.4 million for the six months ended 30 June 2023 to approximately S\$4.8 million for the Period.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$0.5 million, from approximately S\$0.2 million for the six months ended 30 June 2023 to approximately S\$0.7 million for the Period. Our gross profit margin increased from approximately 3.6% for the six months ended 30 June 2023 to approximately 12.5% for the Period. The increase in gross profit margin is mainly attributable to the current ongoing projects which have slightly higher project margins as compared to the corresponding period.

Other income

Other income increased by approximately S\$0.3 million or 15.8%, from approximately S\$1.9 million for the six months ended 30 June 2023 to approximately S\$2.2 million for the Period. Such increase was mainly attributable to the increase in interest income from financial assets at fair value through other comprehensive income, rental income and management fee income charged to a joint venture.

Administrative expenses

The administrative expenses of the Group increased by approximately S\$0.5 million or 17.2%, from approximately S\$2.9 million for the six months ended 30 June 2023 to approximately S\$3.4 million for the Period. Such increase was mainly due to the depreciation expense from property, plant and equipment, 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 decreased by approximately 50.0% to approximately S\$0.5 million for the Period from approximately S\$1.0 million for the six months ended 30 June 2023.

Interim dividend

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2023: 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 2024, the Group had cash and bank balances of approximately S\$4.8 million (31 December 2023: approximately S\$13.7 million) and available unutilised banking facilities of approximately S\$1.6 million (31 December 2023: approximately of S\$1.6 million).

As at 30 June 2024, the Group's indebtedness comprised bank borrowing and lease liabilities denominated in Singapore dollars of approximately S\$5.5 million (31 December 2023: S\$5.7 million).

The Group's current ratio was approximately 1.1 times (31 December 2023: approximately 1.3 times) and gearing ratio was approximately 11.3% (31 December 2023: 11.6%).

Pledge of assets

As at 30 June 2024, the Group had pledged fixed deposits of approximately S\$1.8 million (31 December 2023: 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\$23.5 million (31 December 2023: approximately S\$23.7 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\$0.1 million (31 December 2023: approximately S\$0.3 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 2024, 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 2024, the Group did not have any material contingent liabilities and capital commitments (31 December 2023: 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.

Significant investments held and principal properties

Save for those disclosed below and 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 2024, the Group did not have any other investment in equity interest in any other company.

Significant investment held

The Group has acquired 49% interest in D.D. Resident Co. Ltd, which is the owner and operator of a hotel property, Aiyaree Place Hotel in Pattaya, Thailand on 16 January 2020 at an agreed consideration of HKD58,000,000 (equivalent to S\$10,069,000) (the “Investment”). The Investment was recorded as financial asset at fair value through profit or loss according to IFRS 9 Financial Instruments. As at 30 June 2024 and 31 December 2023, the fair value of the Investment was approximately S\$4,223,000 and accounted for around 6.6% (31 December 2023: 6.0%) of the Group’s total assets. At the time of acquisition of the Investment, the Company intended to broaden its asset diversity and offset the risks arising from regional operation under the sluggish market conditions in Singapore in recent years. The Company will closely monitor the developments and take appropriate actions to adjust its investment strategies and ensure continuous growth of the investment and profit of the Group.

Employees and remuneration policies

As at 30 June 2024, the Group had a total of 141 employees (30 June 2023: 149 employees), including executive Directors. Total staff costs (including Directors’ emoluments) were approximately S\$2.9 million for the Period as compared to approximately S\$2.8 million for six months ended 30 June 2023.

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

For the newly purchased property during the financial year ended 31 December 2023, the Group plans to demolish the entire property and erect a proposed 4-storey building to serve as warehouse, office, dormitory and ancillary facilities which will commence during the year. While approval has been obtained for the demolition of the existing building, quotations on the costs of the planned works are still in progress.

Save for those disclosed above, the Group does not have any other plans for material investments and capital assets as at 30 June 2024.

OTHER INFORMATION

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.

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.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Cheung Garnok (Chairman), Mr. Choong Pei Nung and Mr. Kwong Choong Kuen (Huang Zhongquan). 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.

The financial information in this announcement 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

Up to the date of this announcement, 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.

Publication of interim results announcement and interim report

The Company's interim results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.TheSolisGrp.com>.

The interim report of the Company for the Period containing all the relevant information required by Appendix 16 of the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

I would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

By Order of the Board

Solis Holdings Limited

Tay Yong Hua

Executive Chairman and Executive Director

Singapore, 28 August 2024

As at the date of this announcement, the executive Directors are Mr. Tay Yong Hua and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing); and the independent non-executive Directors are Mr. Cheung Garnok, Choong Pei Nung and Mr. Kwong Choong Kuen (Huang Zhongquan).