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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 2018

FINANCIAL HIGHLIGHTS

Revenue decreased by approximately 47.6% to approximately S$8.9 million for the six months ended 30 June 2018 from approximately S$17.0 million for the six months ended 30 June 2017.

Gross profit decreased by approximately 52.8% to approximately S$3.4 million for the six months ended 30 June 2018 from approximately S$7.2 million for the six months ended 30 June 2017.

Adjusted profit (excluding listing expenses) decreased by approximately 72.7% to approximately S$1.2 million for the six months ended 30 June 2018 from approximately S$4.4 million for the six months ended 30 June 2017.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018.

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Solis Holdings Limited (the "Company") hereby announces the consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018, together with the comparative figures for the six months ended 30 June 2017. The Group's interim results for the six months ended 30 June 2018 are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Note	***S$'000***	*S$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**8,893**	17,020
Cost of services		**(5,517)**	(9,840)
Gross profit		**3,376**	7,180
Other income	*5*	**163**	79
Other gains and (losses)	*5*	**9**	(183)
Administrative expenses		**(2,038)**	(1,896)
Finance costs	*6*	**(21)**	(12)
Listing expenses		**—**	(882)
Profit before taxation		**1,489**	4,286
Income tax expense	*7*	**(262)**	(818)
Profit for the period	*8*	**1,227**	3,468
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Surplus (Deficit) on revaluation of freehold property		**—**	60
Items that may be reclassified subsequently to profit or loss:			
Surplus (Deficit) on changes in fair value of intangible assets		**—**	2
Surplus (Deficit) on changes in fair value of available-for-sale investment		**3**	8
		3	10
Total comprehensive income for the period		**1,230**	3,538
Basic and diluted earnings per share (S$ cents)	*9*	**0.19**	0.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	**30 June 2018 S$'000 (Unaudited)**	31 December 2017 S$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**17,782**	17,801
Intangible assets		**209**	192
Available-for-sale investment		**167**	164
		18,158	18,157
Current assets			
Trade receivables	*10*	**5,851**	5,814
Other receivables, deposits and prepayments	*11*	**298**	221
Amounts due from customers for contract work		**7,705**	11,899
Amounts due from ultimate holding company		**38**	5
Pledged fixed deposits		**209**	209
Fixed deposits		**5,024**	—
Bank balances and cash		**24,508**	30,704
		43,633	48,852
Current liabilities			
Trade payables and trade accruals	*12*	**3,835**	6,696
Other payables and accrued expenses	*13*	**1,279**	3,730
Amounts due to customers for contract work		**96**	344
Obligations under finance leases		**114**	111
Income tax payable		**949**	1,628
Bank borrowing		**388**	388
		6,661	12,897
Net current assets		**36,972**	35,955
Total assets less current liabilities		**55,130**	54,112

	Note	30 June 2018 S$'000 (Unaudited)	31 December 2017 S$'000 (Audited)
Non-current liabilities			
Obligations under finance leases		**36**	89
Bank borrowing		**1,153**	1,349
Deferred tax liabilities		**124**	87
		1,313	1,525
Net assets		**53,817**	52,587
Capital and reserves			
Share capital	*14*	**1,454**	1,454
Reserves		**52,363**	51,133
Total equity		**53,817**	52,587

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

The Company was incorporated in the Cayman Islands and registered as an exempt company with limited liability on 21 June 2017 under the Cayman Companies Law. Its registered office is at 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 Rooms 802–804, 8th Floor, Kin Wing Commercial Building, 24–30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong. The head office and principal place of business of the Group in Singapore is at 85 Tagore Lane, Singapore 787527. The shares of the Company ("Shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 December 2017.

The Company is an investment holding company and the principal activities of its operating subsidiary is principally engaged in the provision of installations of mechanical and electrical systems.

The functional currency of the Company is Singapore dollars ("S$"), which is also the functional currency of its subsidiaries.

2 BASIS OF PREPARATION AND GROUP REORGANISATION

The condensed consolidated interim financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. The condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2017.

In connection with the listing of the Shares on the Main Board of Stock Exchange, the Company underwent a reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus of the Company dated 28 November 2017 (the "Prospectus") which was completed on 14 November 2017, the Company became the holding company of its subsidiaries now comprising the Group.

The Group resulting from the reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the Group structure upon the completion of the reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2018, the Group has adopted all the new and revised IFRSs and Interpretations of IFRS ("INT IFRS") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

At the date of issuance of these consolidated financial statements, the Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance contracts[3]
IFRIC 23	Uncertainty over income tax treatment[1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the contract revenue for the installations of mechanical and electrical systems.

Information is reported to the executive directors of the Group, who are 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 the same accounting policies. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the period is as follows:

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Customer A	**1,264**	8,363
Customer B	**N/A***	3,056
Customer C	**3,056**	2,232
Customer D	**N/A***	1,891

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

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 delivered and the Group's property, plant and equipment are all located in Singapore.

5 OTHER INCOME, OTHER GAINS AND (LOSSES)

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**62**	47
Government grants	**101**	32
	163	79
Other gains and (losses)		
Gain on disposal of property, plant and equipment	**9**	—
Revaluation deficit of a freehold property	**—**	(183)
	9	(183)

6 FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest expense:		
— Obligations under finance leases	**5**	7
— Bank borrowing	**16**	5
	21	12

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	**262**	818

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40%, capped at S$15,000 for YA 2018, and adjusted to 20% capped at S$10,000 for YA 2018. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

8 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**235**	213
Auditor's remuneration	**75**	70
Listing expenses	**—**	882
Directors' remuneration (including contributions to CPF)	**607**	353
Other staff costs		
— Salaries and other benefits	**3,041**	4,019
— Contributions to CPF	**101**	103
Total staff costs *(Note a)*	**3,749**	4,475
Revaluation deficit of a property	**—**	183
Subcontractor costs recognised as cost of services	**584**	938
Minimum lease payments under operating leases	**211**	231

Note:

a. Staff costs of S$2,681,000 (six months ended 30 June 2017: S$3,465,000) are included in cost of services.

9 EARNINGS PER SHARE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company (S$'000)	**1,227**	3,468
Weighted average number of ordinary shares in issue	**642,082**	630,000
Basic and diluted earnings per share (S$ cents)	**0.19**	0.55

The calculation of basic earnings per share is based on the profit for the periods attributable to owners of the Company and the weighted average number of shares in issue. The number of shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2017 is based on 629,999,998 shares, which were issued pursuant to the capitalisation issue as detailed in Note 14 and share issued pursuant to the Group Reorganisation which is deemed to have been issued since 1 January 2016.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the periods ended 30 June 2018 and 2017.

10 TRADE RECEIVABLES

	30 June	31 December
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade receivables	**2,353**	1,696
Retention receivables *(Note)*	**3,498**	4,118
	5,851	5,814

Note: Retention monies withheld by customers of contract work are released by stages on substantial completion and on final completion, which is after the defect liability period of the relevant contracts ranging from 12 to 18 months. Included in the retention receivables are carrying amounts of approximately S$1,374,000 (31 December 2017: S$829,000) which is expected to be recovered after 12 months of the reporting period.

The Group grants credit terms to customers typically up to 35 days from the invoice date for trade receivables (31 December 2017: 35 days).

The table below is an analysis of trade receivables as at period/year end:

Analysis of trade receivables:

	30 June 2018	31 December 2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Not past due and not impaired	**1,275**	1,483
Past due but not impaired	**1,078**	213
	2,353	1,696

The following is an analysis of trade receivables by age, presented based on the invoice date at the end of each reporting period:

	30 June 2018	31 December 2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
1 to 30 days	**1,293**	1,499
31 to 60 days	**969**	192
61 to 90 days	**87**	—
Greater than 90 days	**4**	5
	2,353	1,696

The following is an analysis of trade receivables that are past due but not impaired by age, presented based on the due date at the end of each reporting period:

	30 June 2018	31 December 2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
1 to 30 days	**612**	203
31 to 60 days	**462**	5
61 to 90 days	**—**	—
Greater than 90 days	**4**	5
	1,078	213

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.

As at 30 June 2018, included in the Group's trade receivables are carrying amounts of S$1,078,000 (31 December 2017: S$213,000) for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customers.

In determining the recoverability of trade receivables, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of the reporting period. In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not hold any collateral over these balances.

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2018	31 December 2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Deposits	**132**	82
Prepayments	**134**	134
Advances to staff	**—**	5
Other receivables	**32**	—
	298	221

12 TRADE PAYABLES AND TRADE ACCRUALS

	30 June 2018	31 December 2017
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade payables	**1,632**	3,285
Trade accruals	**2,203**	3,411
	3,835	6,696

The credit period on purchases from suppliers and subcontractors is between 30 to 90 days or payable upon delivery. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting year:

	30 June 2018 *S$'000* **(Unaudited)**	31 December 2017 *S$'000* (Audited)
Within 90 days	**1,333**	3,061
91 days to 120 days	**299**	224
	1,632	3,285

13 OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2018 *S$'000* **(Unaudited)**	31 December 2017 *S$'000* (Audited)
Accrued operating expenses	**818**	2,253
Accrued listing expenses	**—**	897
Other payables	**461**	580
	1,279	3,730

14 SHARE CAPITAL

For the purpose of presenting the share capital of the Company prior to the Group Reorganisation in the consolidated statement of financial position, the balance as at 1 January 2017 represented the share capital of Sing Moh as the Company was incorporated in the Cayman Islands on 21 June 2017.

The Company was successfully listed on the Main Board of the Stock Exchange on 11 December 2017 by way of placing of 105,000,000 ordinary shares and public offer of 105,000,000 new shares at the price of HK$0.85 per share ("Share Offer"). All issued shares rank pari passu in all respect with each other.

	Number of shares	**Share capital** *HK$'000*
Authorised share capital of the Company:		
At date of incorporation on 21 June 2017 *(Note a)*	38,000,000	380
Increase on 14 November 2017 *(Note b)*	9,962,000,000	99,620
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	10,000,000,000	100,000

	Number of shares	Share capital
		S$'000
Issued and fully paid of the Company:		
At date of incorporation on 21 June 2017 *(Note a)*	1	—
Issue of shares pursuant to the Group Reorganisation *(Note c)*	1	—
Issue of shares under the capitalisation issue *(Note d)*	629,999,998	1,090
Issue of shares under the Share Offer	210,000,000	364
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	840,000,000	1,454

Note:

a. On 21 June 2017, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares with par value of HK$0.01 each. On the same day, the one initial share was transferred from the initial subscriber to HMK.

b. Pursuant to the written resolutions passed on 14 November 2017, the Company increased its authorised share capital from HK$380,000 to HK$100,000,000 by the creation of an additional 9,962,000,000 shares of HK$0.01 each which rank pari passu in all respect with existing shares.

c. On 14 November 2017, a share was allotted and issued upon the share swap arrangement.

d. On 11 December 2017, 629,999,998 shares were issued to the then shareholders on 14 November 2017 of passing the resolution on a pro-rata basis through capitalisation of HK$6,300,000 (equivalent to approximately S$1,090,000) standing to credit of share premium account of the Company. All issued shares rank pari passu in all respect with each other of HK$0.01 each.

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 26 years and specialises in electrical engineering, and the projects are in relation to new building developments and major additions and alterations ("A&A") works, which include private residential, mixed residential and commercial developments and institutional buildings.

Since the listing of the Company on the Stock Exchange of Hong Kong Limited on 11 December 2017, the Group has balanced the project awarded rate with profit margins of the project before submitting tender taking into account the completion period and capacity for better allocation of the Group's resources.

With the competitive construction market in Singapore, the Group did not secure any new projects (including all projects with a low profit margin) for the six months ended 30 June 2018. The management has made continuous effort to consolidate and strengthen the reputation of the Group through direct and regular contacts with developers in the construction industry to keep us abreast of market development.

Further, in view of the current competitive and weak construction market, the Group has slowed down its pace for the implementation of the business strategies as set out in the Prospectus with more focus on cost control and cost efficiency till the recovery and improvement of the construction market before securing potential M&E projects with a broader scope of works. However, the Group has been active and will continue to be active in submitting tenders to grow its presence in Singapore.

Having regard to the number of on-going projects in the pipeline and their contract value, the management expects the Company's business to pick up in the second half of the year ending 31 December 2018 if the results of the outstanding and upcoming tenders are successful.

For the six months ended 30 June 2018, the Group's revenue decreased by 47.6% to approximately S$8.9 million as compared to approximately S$17.0 million recorded in the last financial period. The decrease in revenue was mainly due to the decrease in revenue contributed by private sector projects from approximately S$14.5 million for the six months ended 30 June 2017 to approximately S$3.7 million for the six months ended 30 June 2018. The lower revenue resulted in a 52.8% decrease in gross profit to approximately S$3.4 million as compared to approximately S$7.2 million recorded in the last financial period. Gross profit margin for the six months ended 30 June 2018 was 4.2% lower than the 42.4% achieved in the last financial period.

Ongoing projects

As at 30 June 2018, the Group had six ongoing projects with an aggregate contract sum of approximately S$64.0 million, of which approximately S$41.8 million had been recognised as revenue as at 30 June 2018. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

As at the date of this announcement, the management noted that there are delays for the ongoing projects which are mainly attributed from the progress of our customers as the construction activities are mainly driven by them. However, the management considered that such delays would not cause the Group to indemnify the third parties and increase the contingent liabilities or any material adverse effect on the Group's financial results. The details of ongoing projects as at 30 June 2018 are as follows:

Type of building development	Sector	Scope of works	Contract sum[1]	Expected completion date
			S$'million	
Mixed residential and commercial	Private	Design and Build, and installations of M&E systems	23.1	August 2018
Institutional	Public	Build and installation of M&E systems	12.8	December 2018
Mixed residential and commercial	Private	Build and installation of M&E systems	7.1	March 2019
Educational institutional	Public	Build and installation of M&E systems	9.0	June 2019
Private residential	Private	Design and Build, and installations of M&E systems	6.7	August 2020
Educational institutional	Public	Build and installation of M&E systems	5.3	August 2019

Note:

(1) The contract sum includes variation orders received to-date where we performed additional works to the originally contracted.

Newly awarded projects

During the six months ended 30 June 2018, the Group did not secure any new contracts due to the new strategy move as mentioned above and the competitive construction market in Singapore.

Subsequent to the six months ended 30 June 2018, the Group has secured 2 newly awarded contracts with an aggregated contract value of approximately S$13.3 million. Details of the newly awarded projects are as follows:

Type of building development	Sector	Scope of works	Contract value *S$'million*	Expected completion date
Industrial	Private	Build and installation of M&E systems	9.1[(2)]	July 2019
Healthcare	Public	Build and installation of M&E systems	4.2	July 2020

Note:

(2) The contract value excludes the additional option to sign another new project of a total contract value of approximately S$4.5 million.

The M&E industry in Singapore and the region is expected to remain challenging in the next 12 months with continuous pressures on contract values and stiff competition for new projects. Despite the challenges, the Group will continue to leverage its resources to improve the profitability and simultaneously take prudent measures to control the operating costs.

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					
	2018			2017		
	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	**4**	**3.7**	**41.6**	5	14.5	85.3
Public sector projects	**3**	**5.2**	**58.4**	1	2.5	14.7
Total	**7**	**8.9**	**100.0**	6	17.0	100.0

Our revenue decreased by approximately S$8.1 million or 47.6%, from approximately S$17.0 million for the six months ended 30 June 2017 to approximately S$8.9 million for the six months ended 30 June 2018, which was mainly due to the decrease in revenue contributed by the private sector projects from approximately S$14.5 million for the six months ended 30 June 2017 to approximately S$3.7 million for the six months ended 30 June 2018. Such decrease in revenue was mainly due to (i) the completion of two private sector projects in the third quarter of 2017; and (ii) more works performed for a private sector project which contributed revenue of approximately S$8.4 million for the six months ended 30 June 2017 (and only approximately S$1.3 million for the six months ended 30 June 2018). On the other hand, revenue contributed by public sector projects increased from approximately S$2.5 million for the six months ended 30 June 2017 to approximately S$5.2 million for the six months ended 30 June 2018. Such increase in revenue was mainly attributable to the works performed for the two new public sector projects which were awarded in the late 2017 which had contributed to approximately S$2.1 million of revenue. Aside from the abovementioned projects, there were increases and decreases in revenue recognised from our projects due to varying amount of works performed in different financial periods.

Cost of Services

Our cost of services decreased by approximately S$4.3 million or 43.9%, from approximately S$9.8 million for the six months ended 30 June 2017 to approximately S$5.5 million for the six months ended 30 June 2018, which was mainly due to a decrease in amount of works performed for the corresponding period.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June					
	2018			2017		
	Revenue S$'million	**Gross profit S$'million**	**Gross profit margin %**	Revenue S$'million	Gross profit S$'million	Gross profit margin %
Private sector projects	**3.7**	**1.7**	**45.9**	14.5	6.3	43.4
Public sector projects	**5.2**	**1.7**	**32.7**	2.5	0.9	36.0
Total	**8.9**	**3.4**	**38.2**	17.0	7.2	42.4

Our gross profit decreased by approximately S$3.8 million or 52.8%, from approximately S$7.2 million for the six months ended 30 June 2017 to approximately S$3.4 million for the six months ended 30 June 2018. The gross profit margin decreased from 42.4% for the six months ended 30 June 2017 to approximately 38.2% for the six months ended 30 June 2018 mainly due to lower profitability for the two new public sector projects which were awarded in the late 2017 (with average gross profit margins of approximately 32.9%).

Administrative Expenses

The administrative expenses of the Group increased by approximately S$0.1 million or 5.0%, from approximately S$1.9 million for the six months ended 30 June 2017 to approximately S$2.0 million for the six months ended 30 June 2018. Such increase was mainly due to the additional administrative and compliance cost as a listed company in connection with the Company's listing and the increase in employee benefits costs which was slightly offset by the unrealised exchange gain from the listing proceeds in Hong Kong dollars.

Finance Costs

The finance costs of the Group comprised interest expenses on obligations under finance leases for our motor vehicles and bank borrowing. Our finance costs increased from approximately S$12,000 for the six months ended 30 June 2017 to approximately S$21,000 for the six months ended 30 June 2018. The increase was mainly due to the higher interest incurred from the bank borrowing, which was related to the drawdown of the mortgage loan for our second self-owned property acquired in March 2017.

Income Tax Expenses

The Group's income tax expenses decreased from approximately S$0.8 million for the six months ended 30 June 2017 to approximately S$0.3 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in assessable profits.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company decreased from approximately S$3.5 million for the six months ended 30 June 2017 to approximately S$1.2 million for the six months ended 30 June 2018, representing a decrease of approximately S$2.3 million. Excluding the listing expenses of approximately S$0.9 million for the six months ended 30 June 2017, the profit for the six months ended 30 June 2017 would have been approximately S$4.4 million.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

Liquidity and Financial Resources

The Group practiced prudent financial management and maintained a strong and sound financial position during the six months ended 30 June 2018. As of 30 June 2018, the Group had cash and bank balances of approximately S$29.5 million (31 December 2017: approximately S$30.7 million) and available unutilised banking facilities of approximately S$6.3 million (31 December 2017: approximately of S$6.3 million). The total interest-bearing borrowings, including bank borrowing and obligations under finance leases was approximately S$1.7 million (31 December 2017: approximately S$1.9 million), and current ratio as at 30 June 2018 was approximately 6.6 times (31 December 2017: approximately 3.8 times). As at 30 June 2018, the gearing ratio of the Group was 3.1% (31 December 2017: 3.7%).

Pledge of Assets

As at 30 June 2018, the Group had pledged fixed deposits of approximately S$0.2 million (31 December 2017: approximately S$0.2 million) to secure the banking facilities granted to the Group. The Group's owned properties with a fair value amounted to approximately S$16.7 million (31 December 2017: approximately S$16.7 million) were also pledged for mortgage to secure the bank facilities of S$6.3 million (31 December 2017: S$6.3 million).

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$21.3 million (31 December 2017: S$28.1 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

During the six months ended 30 June 2018, 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, bank facilities, and net proceeds from the Share Offer.

Contingent Liabilities and Capital Commitments

As at 30 June 2018, the Group did not have any material contingent liabilities and capital commitments.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2018, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

Significant Investments Held

Save for those disclosed in relation to the investment in listed equity shares and properties held by the Group, as at 30 June 2018, the Group did not have any other investment in equity interest in any other company.

Employees and Remuneration Policies

As at 30 June 2018, the Group had a total of 235 employees (six months ended 30 June 2017: 264 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S$3.7 million for the six months ended 30 June 2018 as compared to approximately S$4.5 million for the six months ended 30 June 2017.

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

The Group does not have any other plans for material investments and capital assets as at 30 June 2018, save for the purchase of additional self-owned property, details of which are set out in the Company's Prospectus.

OTHER INFORMATION

Comparison of Business Objectives and Actual Business Progress

The following is a comparison between the Group's business plans as set out in the Company's Prospectus and the Group's actual business progress for the six months ended 30 June 2018:

Business Plan for the year ending 31 December 2018 as set out in the Prospectus	Actual Business Progress as at 30 June 2018
Increase our workforce to expand operations by recruiting and retaining project managers, engineers and foremen.	The business plan to expand our operations are put on hold till the Group has secured sufficient projects for the increase in the Group's scale of operations.
Purchase of machinery and equipment such as scissor lifts, excavator and wide-format colour scanner and AutoCAD-compatible plotter, and lorries to support our business expansion.	The Group had acquired scissor lifts and the wide-format colour scanner and AutoCAD-compatible plotter.
Purchase of additional property to support our business expansion.	The business expansion plans are put on hold, but the Group is still sourcing for appropriate property when the need arises.

Business Plan for the year ending 31 December 2018 as set out in the Prospectus	Actual Business Progress as at 30 June 2018
Expand our internal competencies by recruiting and retaining project managers, engineers and workers.	The business plan to expand our internal competencies are put on hold till the Group has secured sufficient projects for the increase in the Group's scale of operations.
Build our competencies in building information modelling ("BIM") by recruiting and retaining BIM certified staff and related software.	The business plan to expand our internal competencies are put on hold till the Group has secured sufficient projects for the increase in the Group's scale of operations.

Use of Listing Proceeds

The net proceeds from the listing, after deducting listing related expenses, were approximately HK$132.2 million (approximately S$24.0 million), out of which approximately S$0.3 million has been utilised as at 30 June 2018.

The future plan and scheduled use of proceeds as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied with consideration of the actual development of business and market. As of 30 June 2018, the Group does not anticipate any change to the plan as to the use of listing proceeds. The majority of the unused net proceeds have been placed as interest bearing short-term demand deposits with licensed banks in Singapore and Hong Kong.

As at 30 June 2018, the net listing proceeds have been applied and utilised as follows:

Use of net proceeds	Total net proceeds from share offer	Utilized as at 31 December 2017	Total remaining net proceeds available as at 1 January 2018	Planned use of net proceeds up to the year ending 31 December 2018	Utilized as at 30 June 2018	Total remaining net proceeds available as at 30 June 2018
	(S$' million)	*(S$' million)*	*(S$' million)*	*(S$' million)*	*(S$' million)*	*(HK$' million)*
Increase our workforce	4.0	—	4.0	0.6	—	4.0
Purchase of machinery and equipment, and lorries	1.5	—	1.5	0.7	0.2	1.3
Purchase of additional property	10.0	—	10.0	10.0	—	10.0
Expand our internal competencies	6.9	—	6.9	1.3	—	6.9
Build our competencies in BIM	0.5	—	0.5	0.2	—	0.5
General working capital	1.1	—	1.1	0.5	0.1	1.0
Total	24.0	—	24.0	13.3	0.3	23.7

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 six months ended 30 June 2018 or at any time during the six months ended 30 June 2018.

Directors' Rights to Acquire Shares or Debenture

Apart from the Share Option Scheme, at no time during the six months ended 30 June 2018 was the Company, any associated corporations, 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 exercised any such rights.

Purchase, Sales or Redemption of the Company's Securities

The Company has not redeemed any of its shares during the six months ended 30 June 2018. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2018.

Competition and Conflict of Interests

Except for the interests in the Group, none of the directors, the substantial shareholders or the management shareholders 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 six months ended 30 June 2018.

Corporate Governance

The Group is committed to maintaining high corporate governance standards to safeguard the interest of 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 of the Listing Rules.

The Board considers that the Company has complied with all the applicable principles and code provisions as set out in the CG Code during the six months ended 30 June 2018.

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 for the six months ended 30 June 2018.

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 A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the six months ended 30 June 2018 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 full text of terms of reference of the Audit Committee is 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.

The Audit Committee consists of three members who are all independent non-executive Directors, namely Mr. Law Wang Chak Waltery (Chairman), Ms. Theng Siew Lian Lisa and Mr. Tan Sin Huat Dennis. None of them is a former partner of the Company's existing auditing firm. Mr. Law Wang Chak Waltery, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

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 six months ended 30 June 2018 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 six months ended 30 June 2018.

Significant Event after the Reporting Period

Save for the aforementioned award of two contracts, 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 six months ended 30 June 2018.

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 six months ended 30 June 2018 containing the information required by Appendix 16 of the Listing Rules will be dispatched 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

Hong Kong, 20 August 2018

As at the date of this announcement, the executive Directors are Mr. Tay Yong Hua, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing); the independent non-executive Directors are Ms. Theng Siew Lian Lisa, Mr. Law Wang Chak Waltery and Mr. Tan Sin Huat Dennis.