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 2019

FINANCIAL HIGHLIGHTS

Revenue increased by approximately 52.8% to approximately S$13.6 million for the six months ended 30 June 2019 from approximately S$8.9 million for the six months ended 30 June 2018.

Gross profit decreased by approximately 58.8% to approximately S$1.4 million for the six months ended 30 June 2019 from approximately S$3.4 million for the six months ended 30 June 2018.

Loss for the six months ended 30 June 2019 amounted to approximately S$0.8 million; while there was a net profit of approximately S$1.2 million for the six months ended 30 June 2018.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 2019, together with the comparative figures for the six months ended 30 June 2018. The Group's interim results for the six months ended 30 June 2019 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 2019

		Six months ended 30 June	
		2019	2018
		S$'000	*S$'000*
	Note	**(Unaudited)**	(Unaudited)
Revenue	*4*	**13,627**	8,893
Cost of services		**(12,227)**	(5,517)
Gross profit		**1,400**	3,376
Other income	*5*	**352**	163
Other gains	*5*	**—**	9
Administrative expenses		**(2,569)**	(2,038)
Finance costs	*6*	**(12)**	(21)
(Loss) Profit before taxation		**(829)**	1,489
Income tax expense	*7*	**—**	(262)
(Loss) Profit for the period	*8*	**(829)**	1,227
Other comprehensive (expense) income, net of income tax			
Items that will not reclassified subsequently to profit or loss:			
(Deficit) Surplus in fair value of financial asset at fair value through other comprehensive income		**(9)**	3
		(9)	3
Total comprehensive (expense) income for the period		**(838)**	1,230
Basic and diluted (loss) earnings per share (S$ cents)	*9*	**(0.10)**	0.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 S$'000 (Unaudited)	31 December 2018 S$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**29,774**	29,591
Intangible assets		**184**	184
Financial asset at fair value through other comprehensive income		**154**	163
		30,112	29,938
Current assets			
Trade receivables	*10*	**2,650**	2,550
Other receivables, deposits and prepayments	*11*	**375**	613
Contract assets		**9,130**	10,579
Amounts due from ultimate holding company		**5**	5
Pledged fixed deposits		**210**	209
Bank balances and cash		**19,066**	18,339
		31,436	32,295
Current liabilities			
Trade payables and trade accruals	*12*	**5,089**	2,597
Other payables and accrued expenses	*13*	**805**	1,730
Contract liabilities		**496**	343
Obligations under finance leases		**45**	89
Income tax payable		**195**	376
Bank borrowings		**—**	392
		6,630	5,527
Net current assets		**24,806**	26,768
Total assets less current liabilities		**54,918**	56,706

	Note	30 June 2019 S$'000 (Unaudited)	31 December 2018 S$'000 (Audited)
Non-current liabilities			
Bank borrowings		**—**	950
Deferred tax liabilities		**68**	68
		68	1,018
Net assets		**54,850**	55,688
Capital and reserves			
Share capital	*14*	**1,454**	1,454
Reserves		**53,396**	54,234
Total equity		**54,850**	55,688

NOTES TO 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 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 ("Mr. Kenneth Teo") 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 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 ACCOUNTING

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on the historical cost basis 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of this report, the Group has applied the following new and amendments to IFRSs that have been issued for the first time in current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle

The application of the new and amendments to IFRSs and Interpretations in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments of IFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 3	Definition of a Business[1]
Amendments to IAS 1 and IAS 8	Definition of Material[2]

[1] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[2] Effective for annual periods beginning on or after 1 January 2020.

The management of the Group considers that the application of the other new and amendments to IFRSs 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 construction 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 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.

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Revenue from:		
Installations of mechanical and electrical systems	**13,627**	8,893

Major customers

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

	Six months ended 30 June	
	2018	2017
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Customer A	**3,369**	1,356
Customer B	**2,669**	*
Customer C	**2,625**	*
Customer D	**2,550**	1,005

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

The following table shows the aggregate amount of the transaction price allocated to performance obligations are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Installations of mechanical and electrical systems	**7,539**	22,116

Management expects that the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue varying from 1 to 2 years according to the contract period.

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 AND OTHER GAINS

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**177**	62
Government grants	**40**	101
Dividend income	**2**	—
Rental income	**133**	—
	352	163
Other gains		
Gain on disposal of property, plant and equipment	**—**	9

6 FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Interest expense:		
— Obligations under finance leases	**1**	5
— Bank borrowing	**11**	16
	12	21

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax		
— Singapore corporate income tax ("CIT")	**—**	262

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 20%, capped at S$10,000 for YA 2019, and Nil for YA 2020. 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 (LOSS) PROFIT FOR THE PERIOD

(Loss) Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2019	2018
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**290**	235
Auditor's remuneration	**75**	75
Directors' remuneration (including contributions to CPF)	**536**	529
Other staff costs		
— Salaries and other benefits	**3,176**	3,116
— Contributions to CPF	**101**	104
Total staff costs *(Note a)*	**3,813**	3,749
Subcontractor costs recognised as cost of services	**1,706**	584
Minimum lease payments under operating leases	**276**	211

Note:

a. Staff costs of S$2,584,000 (six months ended 30 June 2018: S$2,681,000) are included in cost of services.

9 (LOSS) EARNINGS PER SHARE

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
(Loss) Profit attributable to the owners of the Company (S$'000)	**(829)**	1,227
Weighted average number of ordinary shares in issue	**840,000**	642,082
Basic and diluted (loss) earnings per share (S$ cents)	**(0.10)**	0.19

The calculation of basic (loss) earnings per share is based on the (loss) profit for the periods attributable to owners of the Company and the weighted average number of shares in issue.

Diluted (loss) earnings per share is the same as the basic (loss) earnings per share because the Group has no dilutive securities that are convertible into shares during the periods ended 30 June 2019 and 2018.

10 TRADE RECEIVABLES

	30 June 2019	31 December 2018
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade receivables	**2,650**	2,550

The Group grants credit terms to customers typically up to 35 days from the invoice date for trade receivables (31 December 2018: 35 days).

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 2019	31 December 2018
	S$'000	*S$'000*
	(Unaudited)	(Audited)
1 to 30 days	**2,187**	2,130
31 to 60 days	**463**	396
61 to 90 days	**—**	—
Greater than 90 days	**—**	24
	2,650	2,550

The Group applied lifetime ECL (simplified approach) 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 these items 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.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The management of the Group believes that there is no loss allowance required for trade receivables as at 30 June 2019 and 31 December 2018.

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2019 S$'000 (Unaudited)	31 December 2018 S$'000 (Audited)
Deposits	**188**	54
Prepayments	**146**	91
Advances to staff	**4**	6
Goods and Services Tax ("GST") receivables	**—**	414
Other receivables	**37**	48
	375	613

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 these items 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.

An other receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the other receivables are over two years past due, whichever occurs earlier. None of the other receivables that have been written off is subject to enforcement activities.

The management of the Group believes that there is no loss allowance required for other receivables and deposits as at 30 June 2019 and 31 December 2018.

12 TRADE PAYABLES AND TRADE ACCRUALS

	30 June 2019 S$'000 (Unaudited)	31 December 2018 S$'000 (Audited)
Trade payables	**4,457**	1,787
Trade accruals	**632**	810
	5,089	2,597

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 period/year:

	30 June 2019	31 December 2018
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Within 90 days	**4,223**	1,644
91 days to 120 days	**234**	143
	4,457	1,787

13 OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2019	31 December 2018
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Accrued operating expenses	**726**	1,508
Other payables	**79**	222
	805	1,730

14 SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised share capital of the Company:		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	10,000,000,000	100,000

	Number of shares	**Share capital**
		S$'000
Issued and fully paid of the Company:		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	840,000,000	1,454

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 ("A&A") works, which include private residential, mixed residential and commercial developments and institutional buildings.

The construction market sentiment in Singapore has been subdued since the start of 2018. Due to the diminishing demand for construction works, competitions for local construction works have become more intense with competitors reducing their margins despite prices for construction materials and labour costs are on a rising trend.

During the Period, our business strategies remained unchanged and management proactively submitted tenders upon being aware of tender invitation. The Group has remained focused on all previously submitted tenders and keeps on negotiating with an aim to driving our revenue.

Looking ahead, the M&E industry in Singapore and the region is expected to remain challenging and volatile in the next 12 months with continuous pressures on contract values and stiff competition for new projects. The Group will continue to persist in its participation in new project tenders in order to secure more projects and to remain competitive and actively involved in the local construction market.

For the six months ended 30 June 2019 (the "Period"), the Group's revenue increased by 52.8% to approximately S$13.6 million as compared to approximately S$8.9 million recorded in the corresponding period last year.

The increase in revenue was mainly due to increased works contributed by both the private and public sector projects. Despite the increase in the revenue, the gross profit decreased to approximately S$1.4 million as compared to approximately S$3.4 million recorded in the corresponding period last year. Gross profit margin for the Period was 27.9% lower than the 38.2% achieved in the corresponding period last year which is attributed by the higher subcontracted works for six of the ongoing projects.

Completed project

During the Period, the Group had completed one project with an aggregated contract value of approximately S$24.5 million.

Ongoing projects

As at 30 June 2019, the Group had seven ongoing projects with an aggregate contract sum of approximately S$48.0 million, of which approximately S$40.5 million had been recognised as revenue as at 30 June 2019. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

During the Period, the management noted that there were delays for the ongoing projects which were mainly attributed from the progress of our customers as the construction activities were mainly driven by them. However, the management considered that such delays would not cause the Group to indemnify the third parties which could lead to contingent liabilities nor have any material adverse effect on the Group's financial results. The details of ongoing projects as at 30 June 2019 are as follows:

Type of building development	**Sector**	**Scope of works**	**Contract sum[1]** *S$ million*
Institutional	Public	Build and installation of M&E systems	12.7
Mixed residential and commercial	Private	Build and installation of M&E systems	7.1
Educational institutional	Public	Build and installation of M&E systems	9.1
Private residential	Private	Design and Build, and installation of M&E systems	6.7
Educational institutional	Public	Build and installation of M&E systems	5.3
Industrial	Private	Build and installation of M&E systems	2.9
Healthcare	Public	Build and installation of M&E systems	4.2

Note:

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

Newly awarded project

During the six months ended 30 June 2019, the Group did not secure any contracts due to the competitive construction market in Singapore.

Subsequent to the six months ended 30 June 2019, the Group secured a newly awarded contract with an aggregated contract value of approximately S$6.8 million. Details of a newly awarded project are as follows:

Type of building development	Sector	Scope of works	Contract sum	Expected completion date
			S$ million	
Private residential	Private	Design and Build, and installation of M&E systems	6.8	July 2021

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					
	2019			2018		
	Number of projects with revenue contribution		**% of total revenue**	Number of projects with revenue contribution		% of total revenue
		S$ million			*S$ million*	
Private sector projects	**4**	**7.0**	**51.5**	4	3.7	41.6
Public sector projects	**4**	**6.6**	**48.5**	3	5.2	58.4
Total	**8**	**13.6**	**100.0**	7	8.9	100.0

Our revenue increased by approximately S$4.7 million or 52.8%, from approximately S$8.9 million for the six months ended 30 June 2018 to approximately S$13.6 million for the Period, which was mainly due to the increase in revenue contributed by both the private and public sector projects. Such increase was due to increased works for four projects with an aggregate revenue recognised of approximately S$11.2 million for the six months ended 30 June 2019 as compared to the corresponding period of approximately S$3.9 million. Aside to 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 increased by approximately S$6.7 million or 121.8%, from approximately S$5.5 million for the six months ended 30 June 2018 to approximately S$12.2 million for the Period, which was mainly due to the increase in revenue as seen from above. Our material costs increased from approximately S$7.9 million for the six months ended 30 June 2019 to approximately S$2.2 million for the six months ended 30 June 2018. Our subcontracting costs increased from approximately S$1.7 million for the six months ended 30 June 2019 to approximately S$0.6 million for the six months ended 30 June 2018.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June					
	2019			2018		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	S$ million	***S$ million***	***%***	*S$ million*	*S$ million*	*%*
Private sector projects	**7.0**	**1.0**	**14.3**	3.7	1.7	45.9
Public sector projects	**6.6**	**0.4**	**6.1**	5.2	1.7	32.7
Total	**13.6**	**1.4**	**10.3**	8.9	3.4	38.2

Our gross profit decreased by approximately S$2.0 million or 58.8%, from approximately S$3.4 million for the six months ended 30 June 2018 to approximately S$1.4 million for the Period. Our gross profit margin decreased from approximately 38.2% for the six months ended 30 June 2018 to 10.3% for the six months ended 30 June 2019 mainly due to the increase in our subcontracting costs, attributed to higher subcontracted works for six of the ongoing projects.

Administrative Expenses

The administrative expenses of the Group increased by approximately S$0.6 million or 30.0%, from approximately S$2.0 million for the six months ended 30 June 2018 to approximately S$2.6 million for the Period. Such increase was mainly attributable to higher manpower costs being allocated to the tender department to assist on the securing of new tenders.

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 decreased from approximately S$21,000 for the six months ended 30 June 2018 to approximately S$12,000 for the Period. The decrease was mainly due to the full repayment of the bank borrowing in April 2019.

Income Tax Expenses

There was no income tax expenses as the Group recorded a loss for the Period (30 June 2018: approximately S$0.3 million).

(Loss) Profit for the Period

Loss for the Period amounted to approximately S$0.8 million; while there was a net profit of approximately S$1.2 million for the six months ended 30 June 2018, representing a decrease of approximately of S$2.0 million.

Interim Dividend

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2018: 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 2019, the Group had cash and bank balances of approximately S$19.1 million (31 December 2018: approximately S$18.3 million) and available unutilised banking facilities of approximately S$6.2 million (31 December 2018: approximately of S$6.2 million). As of 30 June 2019, the total interest-bearing borrowings, including obligations under finance leases was approximately S$45,000 (31 December 2018: approximately S$1.4 million). The Group has fully repaid the bank borrowing as at 30 June 2019. The current ratio and gearing ratio were approximately 4.7 times (31 December 2018: approximately 5.8 times) and 0.1% (31 December 2018: 2.6%) respectively.

Pledge of Assets

As at 30 June 2019, the Group had pledged fixed deposits of approximately S$0.2 million (31 December 2018: approximately S$0.2 million) to secure the banking facilities granted to the Group. The Group's two owned properties with a fair value amounted to approximately S$20.0 million (31 December 2018: approximately S$20.0 million) were also pledged for mortgage to secure the bank facilities as at 30 June 2019 and 31 December 2018.

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$1.8 million (31 December 2018: approximately S$2.1 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 Period, 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 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 2019, the Group did not have any material contingent liabilities and capital commitments (31 December 2018: Nil).

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Period, 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 2019, the Group did not have any other investment in equity interest in any other company.

Employees and Remuneration Policies

As at 30 June 2019, the Group had a total of 237 employees (six months ended 30 June 2018: 235 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S$3.8 million for the Period as compared to approximately S$3.7 million for six months ended 30 June 2018.

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 2019.

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 prospectus of the Company dated 28 November 2017 (the "Prospectus") and the Group's actual business progress for the six months ended 30 June 2019:

Business Plan for the year ending 31 December 2019 as set out in the Prospectus	Actual Business Progress as at 30 June 2019
Increase our workforce to expand operations by recruiting and retaining project managers, engineers and foremen	The business plan to expand our operations is put on hold until the Group has secured sufficient projects for the increase in the Group's scale of operations.
Purchase of machinery and equipment to support business expansion 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 Group had acquired an additional property in November 2018. The acquired property has been leased out as (i) our existing licensed dormitories lease agreements with Independent Third Parties have yet to expire; while (ii) the previous owner was in search of another venue for relocation and had requested for a short term lease of one year. Therefore, in the interest of the Group, this property was leased out not only to avoid incurring early termination penalty for the existing leased dormitories, but also to receive rental income from it. Upon expiration of the tenancy agreements, we will utilise this property to accommodate our foreign workers.
Expand our internal competencies by recruiting and retaining project managers, engineers and workers	The business plan to expand our operations is put on hold until the Group has secured sufficient projects for the increase in the Group's scale of operations.

Business Plan for the year ending 31 December 2019 as set out in the Prospectus	Actual Business Progress as at 30 June 2019
Build our competencies in building information modelling ("BIM") by recruiting and retaining BIM certified staff and related software	The business plan to expand our operations is put on hold until 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$11.1 million has been utilised as at 30 June 2019.

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 2019, the Group does not anticipate any change to the plan and timeline as to the use of listing proceeds, and intends to utilise all remaining net proceeds by 31 December 2020 as disclosed in the Prospectus. The majority of the unused net proceeds have been placed as interest bearing short-term demand deposits with licensed bank in Singapore and Hong Kong.

As at 30 June 2019, the net listing proceeds has been applied and utilised as follows:

Use of net proceeds	Total net proceeds from share offer and available as at 1 January 2019	Planned use of net proceeds up to the year ending 31 December 2019	Utilised as at 30 June 2019	Total remaining net proceeds available as at 30 June 2019
	(S$' million)	*(S$' million)*	*(S$' million)*	*(S$' million)*
Increase our workforce	3.7	1.4	0.7	3.0
Purchase of machinery and equipment, and lorries	1.3	0.3	—	1.3
Purchase of additional property	1.2	0	—	1.2
Expand our internal competencies	6.9	2.3	—	6.9
Build our competencies in BIM	0.5	0.2	—	0.5
General working capital	0.6	0.3	0.6	—
Total	14.2	4.5	1.3	12.9

Subject to the construction sentiment in Singapore and the number of newly projects awarded, all remaining net proceeds is expected to be fully-utilised by 31 December 2020.

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, 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, Sales 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 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 Period.

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 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 for 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 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 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 2019, the audit committee comprises three independent non-executive Directors, namely Mr. Cheung Garnok (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. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee since 11 June 2019 to replace Mr. Law Wang Chak Waltery, who resigned on 11 June 2019, a former chairman of 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 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 six months ended 30 June 2019 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders 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, 23 August 2019

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. Tan Sin Huat Dennis and Mr. Cheung Garnok.