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 2021

FINANCIAL HIGHLIGHTS

Revenue increased by approximately 160.0% to approximately S$6.5 million for the six months ended 30 June 2021 from approximately S$2.5 million for the six months ended 30 June 2020.

Gross profit amounted to approximately S$1.3 million for the six months ended 30 June 2021; while there was a gross loss of approximately S$0.4 million for the six months ended 30 June 2020.

Loss for the six months ended 30 June 2021 decreased by approximately 86.4% to approximately S$0.3 million from approximately S$2.2 million for the six months ended 30 June 2020.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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 2021, together with the comparative figures for the six months ended 30 June 2020. The Group's interim results for the six months ended 30 June 2021 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 2021

		Six months ended 30 June	
		2021	2020
		S$'000	*S$'000*
	Note	**(Unaudited)**	(Unaudited)
Revenue	*4*	**6,538**	2,505
Cost of services		**(5,277)**	(2,911)
Gross profit/(loss)		**1,261**	(406)
Other income	*5*	**508**	646
Other gains	*5*	**9**	19
Administrative expenses		**(2,042)**	(2,416)
Loss before tax	*6*	**(264)**	(2,157)
Tax expense	*7*	**–**	–
Loss for the period		**(264)**	(2,157)
Other comprehensive loss, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Surplus/(deficit) on changes in fair value of financial asset at fair value through other comprehensive income		**3**	(27)
		3	(27)
Total comprehensive loss for the period		**(261)**	(2,184)

	Note	Six months ended 30 June 2021 S$'000 (Unaudited)	2020 S$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(264)**	(2,157)
Non-controlling interest		**–**	–
		(264)	(2,157)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(261)**	(2,184)
Non-controlling interest		**–**	–
		(261)	(2,184)
Basic and diluted loss per share (S$ cents)	*8*	**(0.03)**	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	**30 June 2021** **S$'000** **(Unaudited)**	31 December 2020 S$'000 (Audited)
Non-current assets			
Property, plant and equipment		**25,116**	25,305
Investment property		**4,177**	4,177
Intangible assets		**204**	204
Financial asset at fair value through other comprehensive income		**123**	120
Financial asset at fair value through profit or loss		**10,069**	10,069
Total non-current assets		**39,689**	39,875
Current assets			
Trade receivables	*9*	**291**	883
Other receivables, deposits and prepayments	*10*	**216**	368
Inventories		**192**	–
Contract assets		**1,456**	1,932
Amounts due from ultimate holding company		**–**	98
Pledged fixed deposit		**211**	210
Cash and cash equivalents		**17,326**	16,599
Total current assets		**19,692**	20,090
Total assets		**59,381**	59,965
Non-current liabilities			
Deferred tax liabilities		**–**	–
Current liabilities			
Trade payables and trade accruals	*11*	**1,454**	1,996
Other payables and accrued expenses	*12*	**2,930**	3,597
Contract liabilities		**3,179**	2,293
Income tax payable		**–**	–
Total current liabilities		**7,563**	7,886
Total liabilities		**7,563**	7,886
Net assets		**51,818**	52,079

	Note	**30 June 2021** **S$'000** **(Unaudited)**	31 December 2020 *S$'000* (Audited)
Equity and reserves			
Share capital	*13*	**1,585**	1,585
Share premium		**34,440**	34,440
Retained earnings		**5,344**	5,608
Reserves		**10,451**	10,448
Equity attributable to owners of the Company		**51,820**	52,081
Non-controlling interest		**(2)**	(2)
Total equity		**51,818**	52,079

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

The Company was incorporated in the Cayman Islands on 21 June 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in Hong Kong is at Rooms 1002-03, 10th Floor, Perfect Commercial Building, No.20 Austin Avenue, 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 (collectively, the "Group") is principally engaged in designing, building and installations of mechanical and electrical systems.

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

2 BASIS OF PREPARATION

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

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

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 year. 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 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

4 REVENUE AND SEGMENT INFORMATION

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

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

	Six months ended 30 June	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems	**6,538**	2,505

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	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Customer A	**4,256**	–
Customer B	**886**	485
Customer C	**N/A***	1,516
Customer D	**–**	504

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021 and 30 June 2020 are as follows:

	Six months ended 30 June	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Construction contracts revenue for the designing, building and installations of mechanical and electrical systems	**62,202**	37,302

The management of the Company expect that the transaction price allocated to the unsatisfied performance contracts 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 performed and the Group's property, plant and equipment are all located in Singapore. Accordingly, no geographical segment analysis is presented.

5 OTHER INCOME AND OTHER GAINS

	Six months ended 30 June	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**–**	64
Government grants *(Note)*	**436**	507
Rental income	**72**	75
	508	646
Other gains		
Gain on disposal of property, plant and equipment	**9**	19

Note:

Government grant income of S$367,000 (six months ended 30 June 2020: S$238,000) was recognised during the financial period under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty.

Foreign worker levy waiver and rebates of S$50,000 (six months ended 30 June 2020: S$226,000) was recognised during the financial period. The Singapore Government provided business employers who hire workers on work permit and S-Pass with foreign worker levy waiver and rebates to ease the labour costs of the Group.

6 LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Auditor's remuneration	**50**	80
Depreciation of property, plant and equipment	**196**	267
Directors' remuneration (including contributions to CPF)	**600**	678
Other staff costs*		
– Salaries and other benefits	**1,958**	1,744
– Contributions to CPF	**98**	96
Subcontractor costs recognised as cost of services	**1,500**	99

* Staff costs of S$1,365,000 (six months ended 30 June 2020: S$945,000) are included in cost of services.

7 TAX EXPENSE

Singapore corporate income tax has been provided for at the rate of 17% (2020: 17%) on the estimated assessable profit.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (2020: Nil).

The amount of tax expense in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2021	2020
	S$'000	*S$'000*
	(Unaudited)	(Unaudited)
Tax expense comprises:		
Current tax		
– Singapore corporate income tax ("CIT")	**–**	–

8 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	
	2021	2020
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company (S$'000)	**(264)**	(2,157)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	**915,600**	915,600
Loss per share (S$ cents per share)	**(0.03)**	(0.24)

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 years.

9 TRADE RECEIVABLES

	30 June 2021	31 December 2020
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade receivables – third parties	**291**	883

The Group grants credit terms to customers typically up to 35 days (31 December 2020: 35 days) from the invoice date for trade receivables.

As at 30 June 2021 and 31 December 2020, the ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	30 June 2021	31 December 2020
	S$'000	*S$'000*
	(Unaudited)	(Audited)
1 to 30 days	**176**	853
31 to 60 days	**105**	23
61 to 90 days	**10**	–
Greater than 90 days	**–**	7
	291	883

As at 30 June 2021 and 31 December 2020, 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 are 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 2021 and 31 December 2020.

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 *S$'000* **(Unaudited)**	31 December 2020 *S$'000* (Audited)
Deposits	**69**	96
Prepayments	**145**	83
Advances to staff	**2**	1
Grant receivable from government	**–**	188
	216	368

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade receivables 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 2021 and 31 December 2020.

11 TRADE PAYABLES AND TRADE ACCRUALS

	30 June 2021	31 December 2020
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Trade payables	**1,026**	1,289
Trade accruals	**428**	707
	1,454	1,996

Trade payables at the balance sheet date 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 2021 and 31 December 2020, the ageing analysis of the trade payables, based on invoice date, are as follows:

	30 June 2021	31 December 2020
	S$'000	*S$'000*
	(Unaudited)	(Audited)
Within 90 days	**718**	988
91 days to 120 days	**308**	301
	1,026	1,289

The carrying amounts of trade payables approximate their fair values.

12 OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2021 S$'000 (Unaudited)	31 December 2020 S$'000 (Audited)
Accrued operating expenses	**609**	1,001
Other payables	**2,321**	2,332
Deferred grant income	**–**	264
	2,930	3,597

Included in other payables is S$2,189,000 (31 December 2020: S$2,155,000) in relation to the unpaid purchase consideration for acquisition in D.D. Resident Co. Ltd..

The carrying amounts of other payables and accrued expenses approximate their values.

13 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital HK$'000
30 June 2021		
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2021 and 30 June 2021	10,000,000,000	100,000

	Number of shares	Share capital S$'000	Share premium S$'000
Issued and fully paid:			
At 1 January 2021 and 30 June 2021	915,600,000	1,585	34,440

	Number of shares	Share capital
		HK$'000
31 December 2020		
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2020 and 31 December 2020	10,000,000,000	100,000

	Number of shares	Share capital	Share premium
		S$'000	*S$'000*
Issued and fully paid:			
At 1 January 2020	840,000,000	1,454	26,697
Issuance of consideration shares *(Note a)*	75,600,000	131	7,743
At 31 December 2020	915,600,000	1,585	34,440

Note:

a. On 21 January 2020, the Company issued and allotted 75,600,000 new ordinary shares by way of placement at a price of HK$0.60 per share for cash consideration of approximately HK$45,360,000 (approximately S$7,874,000) of which S$131,000 was credited to share capital and the balance of S$7,743,000 was credited to the share premium account. The issuance of the new ordinary shares represents portion of the consideration paid for the acquisition of unquoted shares of D.D. Resident Co. Ltd..

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 first half of financial year 2021 so far has proven to be as challenging as year 2020. The subsequent waves of COVID-19 during the six months ended 30 June 2021 (the "Period") which hit hard on the countries that form the traditional sources of construction workers in Singapore have resulted in the tightening of controls by the Singapore Government (introduction of Phase 2 – Tightened Alert on 16 May 2021) which cancelled the workers' work-pass applications in their effort to minimise the risk of another wave of infection in our dormitories and protect the wider community. In near term, the Group expects its operations will continue to face a challenging landscape as presented by the shortage of manpower and compliance with the stringent safety requirements at work sites under COVID-19.

Given the current level of uncertainty in the construction market, the Group has also adopted a more prudent approach in tendering for new projects in view of the potential disruption in the supply chain of construction materials, driving the material prices higher. The Group will still have to cope with the lower gross profits due to the probable cost overrun of the ongoing projects and the intense competition from other contractors for new projects.

Prospects for construction demand is expected to improve, albeit only marginally. The Building and Construction Authority ("BCA") projects construction demand for 2021 to be between S$23.0 billion and S$28.0 billion, up from S$19.5 billion last year. Notwithstanding that construction demand for 2021 is not back to pre-COVID levels, the Singapore Government expects a sustained recovery in construction demand over the next five years.

The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner. Meanwhile, it will continue to ensure smooth progress of its projects and practice tight cost controls through recovery of debts, careful utilisation of the grants and assistance from the Singapore Government, which will help defray costs incurred from prolongation of projects and compliance with the stringent pandemic safety measures.

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 increased by 160.0% to approximately S$6.5 million as compared to approximately S$2.5 million recorded in the corresponding period last year. The increase in revenue was mainly attributable to more construction activities performed during the Period as compared with the six months ended 30 June 2020 which included one-month lockdown and Circuit Breaker measures due to the COVID-19 pandemic. Our gross profit increased by approximately S$1.7 million, from a gross loss of approximately S$0.4 million for the six months ended 30 June 2020 to a gross profit of approximately S$1.3 million for the Period.

Ongoing projects

As at 30 June 2021, the Group had ten ongoing projects with an aggregate contract sum of approximately S$81.8 million, of which approximately S$19.6 million had been recognised as revenue as at 30 June 2021. The remaining balance will be recognised as our revenue in accordance with the stage of completion.

Newly awarded projects

During the six months ended 30 June 2021, the Group has secured three newly awarded projects with an aggregate contract value of approximately S$35.0 million.

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					
	2021			2020		
	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**	**1.4**	**21.5**	2	0.4	16.0
Public sector projects	**4**	**5.1**	**78.5**	3	2.1	84.0
Total	**8**	**6.5**	**100.0**	5	2.5	100.0

Our revenue increased by approximately S$4.0 million or 160.0%, from approximately S$2.5 million for the six months ended 30 June 2020 to approximately S$6.5 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 more construction activities were performed during the Period as compared with the six months ended 30 June 2020 which included one-month lockdown due to the COVID-19 pandemic and Circuit Breaker Measures imposed by the Singapore Government.

Cost of services

Our cost of services increased by approximately S$2.4 million or 82.8%, from approximately S$2.9 million for the six months ended 30 June 2020 to approximately S$5.3 million for the Period, which was in line with the increase in revenue for the same period.

Gross profit/(loss) and gross profit/(loss) margin

Our gross profit increased by approximately S$1.7 million, from a gross loss of approximately S$0.4 million for the six months ended 30 June 2020 to a gross profit of approximately S$1.3 million for the six months ended 30 June 2021. Our gross profit margin increased from a gross loss margin of approximately 16.2% for the six months ended 30 June 2020 to a gross profit margin of approximately 19.3% for the Period. Increase in gross profit margin is mainly attributable to the higher profit margin for a public sector project which was awarded during the second half of year 2020.

Other income and other gains

Other income and other gains of the Group decreased by approximately S$0.2 million or 28.6%, from approximately S$0.7 million for the six months ended 30 June 2020 to approximately S$0.5 million for the six months ended 30 June 2021. Such decrease was due to the decrease in government grants and interest income received during the Period.

Administrative expenses

The administrative expenses of the Group decreased by approximately S$0.4 million or 16.7%, from approximately S$2.4 million for the six months ended 30 June 2020 to approximately S$2.0 million for the six months ended 30 June 2021. Such decrease is due to the resumption of business activities and no significant idle cost incurred during the Period as compared to the corresponding 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 86.4% to approximately S$0.3 million from approximately S$2.2 million for the six months ended 30 June 2020.

Interim dividend

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2020: 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 2021, the Group had cash and bank balances of approximately S$17.3 million (31 December 2020: approximately S$16.6 million) and available unutilised banking facilities of approximately S$4.8 million (31 December 2020: approximately of S$4.8 million). The current ratio and gearing ratio were approximately 2.6 times (31 December 2020: approximately 2.5 times) and Nil% (31 December 2020: Nil%) respectively.

Pledge of assets

As at 30 June 2021, the Group had pledged fixed deposits of approximately S$0.2 million (31 December 2020: 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$20.3 million (31 December 2020: approximately S$20.3 million) were also pledged for mortgage to secure the bank facilities as at 30 June 2021 and 31 December 2020.

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$1.1 million (31 December 2020: approximately S$1.2 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 2021, the Group did not have any material contingent liabilities and capital commitments (31 December 2020: 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 and principal properties

Save for those disclosed in relation to the investment in listed equity shares and properties held by the Group, as at 30 June 2021, the Group did not have any other investment in equity interest in any other company.

Employees and remuneration policies

As at 30 June 2021, the Group had a total of 138 employees (six months ended 30 June 2020: 178 employees), including executive Directors. Total staff costs (including Directors' emoluments) were approximately S$2.7 million for the Period as compared to approximately S$2.5 million for six months ended 30 June 2020.

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 2021.

OTHER INFORMATION

Use of proceeds from Share Offer and comparison of business objectives with actual business progress

Up to 30 June 2021, the net proceeds raised from the listing of shares of the Company were utilised in accordance with the designated uses set out in the Prospectus and the supplemental announcement issued on 3 August 2020 ("the Supplemental Announcement") as follows:

Use of net proceeds	Planned use of net proceeds as disclosed in the Prospectus *(S$' million)*	Adjusted use of net proceeds as stated in the announcement of the Company dated 3 August 2020 *(S$' million)*	Remaining net proceeds available as at 31 December 2020 *(S$' million)*	Utilised during the six months ended 30 June 2021 *(S$' million)*	Remaining net proceeds available as at 30 June 2021 *(S$' million)*	Expected timeline for utilising the unutilised Net Proceeds *(Note)*
Increase our workforce	4.0	2.1	1.1	0.8	0.3	On or before 31 December 2022
Purchase of machinery and equipment, and lorries	1.5	0.5	0.4	–	0.4	On or before 31 December 2022
Purchase of additional property	10.0	–	–	–	–	Not applicable
Expand our internal competencies	6.9	1.8	1.8	–	1.8	On or before 31 December 2022
Build our competencies in BIM	0.5	0.5	0.5	–	0.5	On or before 31 December 2022
General working capital	1.1	7.1	5.3	–	5.3	On or before 31 December 2022
Total	24.0	12.0	9.1	0.8	8.3	

Note: The expected timeline for utilising the remaining Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the market conditions.

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, 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 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 2021, the audit committee comprises three independent non-executive Directors, namely Mr. Cheung Garnok (Chairman), Ms. Zhang Xiuyan and Mr. Kwong Choong Kuen. None of them is a former partner of the Company's existing auditing firm. Mr. Cheung Garnok, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the audit committee.

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 2021 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites 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, 27 August 2021

As at the date of this announcement, the executive Directors are Mr. Tay Yong Hua, Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) and Mr. Chen Kaiben; the non-executive Director is Mr. Lu Xianglong; and the independent non-executive Directors are Mr. Cheung Garnok, Ms. Zhang Xiuyan and Mr. Kwong Choong Kuen (Huang Zhongquan).