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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2020**

Reference is made to the annual report of Solis Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2020 which was published on 28 April 2021 (the “**2020 Annual Report**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the 2020 Annual Report.

In addition to the information provided in the 2020 Annual Report, the Board would like to provide further information in relation to the qualified opinion on the Company’s financial statements for the year ended 31 December 2020 (the “**Audit Qualification**”) issued by the Company’s auditor, Baker Tilly TFW LLP (“**Baker Tilly**”) in relation to the financial assets at fair value through profit or loss (“**FVTPL**”).

MANAGEMENT’S VIEW ON THE AUDIT QUALIFICATION

The management of the Company has given careful consideration to the Qualified Opinion and the basis of the Qualified Opinion and has had ongoing discussion with Baker Tilly when preparing the Group’s consolidated financial statements.

The sale and purchase agreement for the acquisition of interest in the investee was signed on 31 December 2019 and completion took place on 21 January 2020. Unfortunately, soon after completion, the COVID-19 pandemic started and business travels became very difficult. There has not been sufficient time for our respective managements to work together as a team. Our management has not been kept properly apprised of the financials and operations of the investee and without the ability to travel, our management faced hurdles in exercising influence over the investee. The Company has recently engaged an external legal adviser to liaise with the investee and the vendors and, if necessary, to take such legal actions as appropriate.

Without significant influence over the management of the investee and in the absence of updated financial information from them, the management believes that it is appropriate for the investment to be valued as financial assets at FVTPL.

For the purposes of the acquisition, the Company carried out a valuation of the investee. As there is no indication of any fraud or significant impairment of the value of the investee (other than the possible short-term effects of the COVID-19), the management believes it is appropriate at this stage that the carry value of this investment is the same as before. Hence, no impairment has been made to the value of the investment. With respect to the type of audit opinion issued by Baker Tilly, the management of the Company acknowledged and agreed with the audit opinion Baker Tilly issued based on their professional and independent assessment.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The audit committee of the Company had critically reviewed the audit qualification after discussion with Baker Tilly and it held the same view as Baker Tilly as to the basis of the Qualified Opinion. The audit committee of the Company will time to time closely communicate with the Board and Baker Tilly on the progress of the Qualified Opinion.

REMOVAL OF AUDIT QUALIFICATION

After discussion with Baker Tilly, the management of the Company is of the view that the Qualified Opinion will be removed when the COVID-19 pandemic is over, business operations and travels resume to normal, and the management of the Company having obtained the accounting books and records of the investee. This would give the Company better clarity about the accounting treatment of the investment, the fair value of the investee and the management's position with regards to this investment.

The additional information set out above does not affect other information contained in the Annual Report and the contents of the Annual Report remain unchanged.

By order of the Board
Solis Holdings Limited

Tay Yong Hua

Executive Chairman and Executive Director

Singapore, 13 July 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).