
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Solis Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**(1) MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF PROPERTY; AND
(2) BREACH OF THE LISTING RULES**

Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 10 of this circular.

The Disposal has been approved by written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

Hong Kong, 18 November 2021

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings

“Board”	the board of Directors of the Company
“Close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Solis Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2227)
“Completion”	Completion of the Disposal in accordance with the terms and conditions of the Option Agreement
“Consideration”	the consideration in the amount of S\$9,500,000 for the Disposal pursuant to the Option Agreement
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and means the controlling shareholders of the Company, namely, HMK Investment Holdings Limited, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
“Core Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Property pursuant to the Option Agreement
“Group”	the Company and its subsidiaries from time to time
“HMK”	HMK Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the Company’s ultimate holding company, which is jointly owned by the controlling shareholders of the Group, being Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	12 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Tay”	Mr. Tay Yong Hua, the executive chairman, executive Director and the controlling shareholder of the Company
“Option”	the option to purchase the Property pursuant to the terms and conditions of the Option Agreement
“Option Agreement”	the option agreement entered into between the Vendor and the Purchaser on 8 October 2021 in relation to the grant and exercise of the Option
“Property”	202 Tagore Lane Singapore 787591
“Purchaser”	Chuang Xin Engineering Pte Ltd, a company incorporated in Singapore with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs

DEFINITIONS

“Vendor”	Sing Moh Electrical Engineering Pte Ltd, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in designing, building and installations of mechanical and electrical systems
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

For the purpose of this circular, the exchange rate of S\$1.00 = HK\$5.79 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such a rate.

LETTER FROM THE BOARD



SOLIS HOLDINGS LIMITED 守益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2227)

Executive Directors:

Mr. Tay Yong Hua (*Chairman*)

Mr. Kenneth Teo Swee Cheng

(Kenneth Zhang Ruiqing) (*Chief Executive Officer*)

Non-executive Directors:

Mr. Lu Xianglong

Independent Non-executive Directors:

Mr. Cheung Garnok

Ms. Zhang Xiuyan

Mr. Kwong Choong Kuen

(Huang Zhongquan)

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 1302, 13/F.,

Perfect Commercial Building,

No. 20 Austin Avenue,

Tsim Sha Tsui, Kowloon,

Hong Kong

18 November 2021

To the Shareholders

Dear Sirs or Madam,

(1) MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF PROPERTY; AND (2) BREACH OF THE LISTING RULES

INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2021. On 8 October 2021, the Purchaser accepted and exercised the Option granted by the Vendor under the Option Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Property at a consideration of S\$9,500,000, subject to the terms and conditions of the Option Agreement.

LETTER FROM THE BOARD

THE DISPOSAL

The principal terms of the Option Agreement are set out below:

Date: 8 October 2021

Parties: (1) Sing Moh Electrical Engineering Pte Ltd, as Vendor; and
(2) Chuang Xin Engineering Pte Ltd, as Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Wang Mouying, are third parties independent of the Company and connected persons of the Company (as defined under the Listing Rules).

Both the Purchaser and Vendor agreed that the Option Agreement shall constitute a binding contract for the sale and purchase of the Property between the parties and no further agreement shall be required to be entered into. The Option Agreement is not subject to fulfilment of any conditions precedent.

Property to be disposed of

The property is located at 202 Tagore Lane Singapore 787591. As at the Latest Practicable Date, the Vendor is the legal and beneficial owner of the Property. Prior to Completion, the Property has been used as the Group's office, warehouse and dormitory. The Property will be vacant for Completion.

Consideration

The Consideration for the Disposal is S\$9,500,000, which was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the market price of comparable properties at similar location and the audited carrying value of the Property as at 31 December 2020 of S\$7,800,000. The estimated market value of the Property was S\$8,000,000 as at 1 November 2021 with reference to the property valuation report as set out in Appendix II of this circular.

The Consideration has been/will be settled in the following manners:

- (a) S\$95,000 was paid by the Purchaser to the Vendor at the time of granting the Option to the Purchaser;
- (b) S\$380,000 was paid by the Purchaser to the Vendor as deposit upon the exercise and acceptance of the Option on 8 October 2021; and
- (c) S\$9,025,000, being remaining balance of the Consideration, will be payable by the Purchaser to the Vendor on Completion.

LETTER FROM THE BOARD

Completion

Completion shall take place within eight (8) weeks from 8 October 2021, being the date of exercise of the Option by the Purchaser.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in designing, building and installations of mechanical and electrical systems.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Singapore with limited liability which is principally engaged in engineering design and consultancy activities. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Wang Mouying, are third parties independent of the Company and connected persons of the Company (as defined under the Listing Rules).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of Purchaser who can exert influence on the transaction; and (b) as the Purchaser and its ultimate beneficial owner(s) are independent of the Company and its connected persons, there is, and in the past twelve months, there has been, no material loan arrangement between the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have assessed the property market in Singapore and have had strategic reviews of the Group's assets from time to time to maximum the returns to the Shareholders. Taking into consideration the current financial position and business operation of the Group and the overall economy in Singapore, the Board is of the opinion that the current market presents a good opportunity for the Company and the Disposal represents a favourable opportunity to realise the value of the Property at a reasonable price. In addition, the proceeds from the Disposal will enhance the financial position of the Group and increase the general working capital of the Group.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the Option Agreement and the Disposal are on normal commercial terms, and believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The audited carrying value of the Property as at 31 December 2020 was approximately S\$7,800,000. The Group is expected to record a gain on Disposal of approximately S\$1,700,000, which is calculated based on the Consideration received by the Group for the Disposal less the carrying value of the Property as at 31 December 2020.

As a result of the Disposal, the consolidated net assets of the Group will be increased by approximately S\$1,700,000. Save for the aforementioned, the Disposal (except for related expenses) does not have any financial effect on the other asset and/or liability items of the group nor any material impact on the future earnings of the Group.

The net proceeds from the Disposal, after deducting related transaction costs are estimated to be approximately S\$9,460,000. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

The Property has been used as the Group's dormitory, warehouse and back-up office. It is considered that there is no impact to the Group's operation for the following reasons: (i) the Group has two other self-managed dormitories located in 14 Tagore Lane and 85 Tagore Lane, which are sufficient for accommodation of the existing foreign workers; (ii) the warehouse was used for raw materials storage and the raw materials are generally stored at the work sites; and (iii) there has been less need for office space due to the outbreak of the coronavirus disease ("COVID-19"), and the implementation of work from home arrangement for the Group's employees for the past one and half years.

IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio for the Company in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, as at the date of this circular, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Disposal. The Company has obtained the written approval from a closely allied group of Shareholders, comprising HMK and Mr. Tay, which are beneficially interested in an aggregate of 549,792,000 Shares, representing approximately 60.05% of the total number of issued Shares, to approve the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

REASONS FOR THE BREACH OF THE LISTING RULES

The Directors noted that due to the inadvertent oversight by certain management of the Group involved in the Disposal and the Disposal is a major transaction of the Company, it has breached the Listing Rules requirements for reporting and announcement and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

The Directors reiterated that they have no intention for such non-compliance and the non-compliance was solely due to the reasons as stated above, and would also like to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the Listing Rules as a top priority. The Group has been maintaining regular communications with, and seeking advice from, its professional advisers since the Listing on different aspects of Listing Rules compliance, but has unfortunately and regrettably not done so on this single occasion on a timely basis.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with Chapter 14 of the Listing Rules and would like to stress that such non-compliance was a single incident and purely inadvertent and the Company had no intention to withhold any information relating to the Disposal from disclosure.

The Directors (including the independent non-executive Directors) considered that the Disposal was made on normal commercial terms, and terms of the Disposal were fair and reasonable and in the interests of the Shareholders of the Company as a whole. To adhere prudent corporate governance practice, the Directors have confirmed, approved and ratified the Disposal and the publication of the announcement dated 28 October 2021 and this circular.

LETTER FROM THE BOARD

In order to prevent the reoccurrence of the current instance of non-compliance, the Company intends to adopt the following measures:

- (i) The Company will enhance the training provided to the Directors and the senior management to reinforce their understanding of and to emphasize the importance of compliance with the Listing Rules.
- (ii) The Company will strengthen the implementation of its internal control system on transactions including but not limited to strengthening the coordination and reporting arrangements for notifiable transactions among the various departments of the Company. Before entering into each agreement, the chief financial officer together with a dedicated staff member will review the relevant agreement to ensure compliance with the Listing Rules.
- (iii) The Company will maintain closer cooperation with its professional advisers in relation to regulatory compliance.
- (iv) In the event that the Company will conduct similar transactions, it will seek advice from its external legal advisers on whether this will trigger any disclosure or compliance requirements under the Listing Rules. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction.

The Company has adopted the above measures and the Company takes this opportunity to emphasize that the Group shall continue to enhance its internal control management on purchasing or disposing any assets regardless of its nature (whether properties or shareholding in any companies). Going forward, the Group will make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules. The Company's internal controls are effective after the implementation of the proposed remedial measures.

RECOMMENDATION

The Board consider that the terms and conditions of the Option Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that no general meeting will be convened by the Company to approve the Disposal, the Board recommend the Shareholders to vote in favour of the relevant ordinary resolution regarding the Disposal if the Company were to convene a general meeting for the approval of the Disposal.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Solis Holdings Limited
Tay Yong Hua
Executive Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended 31 December 2020 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.TheSolisGrp.com):

- (a) annual report of the Company for the year ended 31 December 2018 published on 26 April 2019;
- (b) annual report of the Company for the year ended 31 December 2019 published on 29 April 2020; and
- (c) annual report of the Company for the year ended 31 December 2020 published on 28 April 2021.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the Group had the following indebtedness:

(a) Banking Facilities

As at 30 September 2021, the Group's approved banking credit facilities amounted to approximately S\$6,780,000 with approximately S\$1,948,000 being utilised. The Group's banking facilities were secured by:

- (i) pledges over the Group's freehold properties;
- (ii) pledges over certain of the Group's fixed deposits; and
- (iii) corporate guarantee provided by the Company.

(b) General

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2021, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 September 2021.

3. RECENT DEVELOPMENT AND FINANCIAL AND TRADING PROSPECT OF THE GROUP

As disclosed in the annual report of the Company, for the year ended 31 December 2020, the audited consolidated revenue was S\$7.2 million (for the year ended 31 December 2019: S\$19.9 million) and audited consolidated net loss after tax was S\$3.1 million (for the year ended 31 December 2019: S\$7.6 million).

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 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.

Nevertheless, 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.

4. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Group's business prospects, internal resources, available credit facilities and the impact of the disposal of the property, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2020, the date to which the latest published audited financial statements of the Group were made up.



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Singapore 049483
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Fax: (65) 6535 1028
www.cushmanwakefield.com
Company Registration No. 200709839D

18 November 2021

Solis Holdings Limited

85 Tagore Lane
Singapore 787527

Dear Sirs

VALUATION OF 202 TAGORE LANE, SINGAPORE 787591

Cushman & Wakefield VHS Pte. Ltd. (“Cushman & Wakefield”) have been instructed by Solis Holdings Limited (the “Client”), to provide the market value as at 1 November 2021 and valuation certificate in respect of the above mentioned property (“the Property”), for the purpose of sale.

Cushman & Wakefield have prepared valuation certificate in accordance with the requirements of the instructions and the following international definition of Market Value:

“Market Value” is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation have been made on the assumption that the owner sells the property on the open market in its existing state, but without the benefit of any other joint venture, management agreement or any similar arrangement which would affect the value of the property.

The valuation certificate is provided with a brief description of the property together with the key factors that have been considered in determining the market value of the property. The value conclusion reflects all information known by the valuers of Cushman & Wakefield who worked on the valuation in respect to the property, market conditions and available data.

The valuation contained in the valuation certificate is not a guarantee or prediction but is based on the information obtained from reliable and reputable agencies and sources, the Client and other related parties. Whilst Cushman & Wakefield have endeavored to obtain accurate information, it has not independently verified all the information provided by the Client or other reliable and reputable agencies.

Where applicable, information as to ownership, site area and zoning has been obtained from our searches at the relevant government or local authorities. Cushman & Wakefield have also relied to a considerable extent the property data provided by the Client on matters such as site and floor areas, building plans, dates of completion and all other relevant matters.

Also, in the course of the valuation, we have assumed that all the leases are legally valid and enforceable and the Property have proper legal titles that can be freely transferable, leased and sub-leased in the market without being subject to any land premium or any extra charges. Cushman & Wakefield have no reason to doubt the truth and accuracy of the information provided to us by the Client which is material to the valuation.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on the property. Cushman & Wakefield have assumed that the Property are free from encumbrances, restrictions or other outgoing of an onerous nature which would affect their market value, other than those which have been made known to Cushman & Wakefield.

VALUATION OF 202 TAGORE LANE SINGAPORE 787591

We have inspected the exterior of the property only due to COVID-19 restrictions on access into premises with foreign workers dormitory. No structural survey has been made, but in the course of our inspection, we did not note any serious defect to the building externally as it is relatively new. We are not, however, able to report that the Property are free from rot, infestation or any structural defect. No tests were carried out to any of the services.

We have also not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

In arriving at our valuation, we have adopted the Comparable Sales Method. In this method, comparison is made with sales of similar property in the vicinity and in similar standard localities. Adjustments are made for differences in location, size, age and condition, and dates of transaction, amongst other factors, before arriving at the value of the Property.

Disclaimer

The valuation certificate enclosed was prepared for purposes of this circular. We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in this circular, other than in respect of the information presented in this valuation summary and certificate. We do not make any warranty or representation as to the accuracy of the information in any other part of this circular other than as expressly made or given in this valuation summary and valuation certificate.

All information provided to us by the Client is treated as correct and true and we accept no responsibility for subsequent changes in information and reserve the right to change our valuation if any information provided were to materially change.

We have no present or prospective interest in the Property and are not a related corporation or nor do we have a relationship with the Client or other party/parties whom the Client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of property in the respective localities.

Yours faithfully

For and on behalf of

Cushman & Wakefield VHS Pte. Ltd.

Chew May Yenk

Executive Director,

Valuation & Advisory – Singapore

MSISV

Licensed Appraiser No AD41-2004419H

The signatory has over 32 years of valuation and consultancy experience.

Enc: Valuation Certificate

VALUATION CERTIFICATE

Property held by the Group for owner-occupation in Singapore

Property	Description and Tenure	Particulars of occupancy	Market value in existing state as at 1 November 2021
202 Tagore Lane, Singapore 787591	<p>The Property comprises a parcel of land (Lot No. MK20-2339M) with a 4-storey corner terrace factory with ancillary workers' dormitory. The Certificate of Statutory Completion was issued on 4 July 2019.</p> <p>The Property is located along Tagore Lane, off Tagore Road, approximately 12 kilometres north from the city centre at Raffles Place.</p> <p>Surrounding developments are mixed in nature, comprising light industrial buildings, private housing estates and nature parks.</p> <p>The Property has a land area of 436.4 sq m and gross floor area of approximately 673.5 sq m (according to information provided).</p> <p>The Property has an estate in perpetuity (freehold) tenure.</p>	As at the valuation date, the Property was owner-occupied.	SGD8,000,000

Notes:-

- (1) The registered proprietor for the Property is Sing Moh Electrical Engineering Pte Ltd. The Property was owner-occupied.
- (2) According to the Urban Redevelopment Authority's Master Plan 2019, the Property is zoned for B1 industrial use, which is deemed the highest and best use of the Property.
- (3) The Property is subject to a mortgage in favour of Standard Chartered Bank (Singapore) Limited lodged on 24 May 2017.
- (4) The Property is subject to a restrictive covenant lodged on 2 February 1991.

- (5) A caveat was lodged against the Property on 8 October 2021 by Chuang Xin Engineering Pte. Ltd. claiming interest as purchaser and another caveat by Maybank Singapore Limited on 28 October 2021 claiming interest as mortgagee/chargee.
- (6) According to a Grant of Written Permission (Temporary) (Decision No: P090517-18E2-E011) dated 26 April 2019 issued by Urban Redevelopment Authority (URA), the 4th storey of the Property was permitted to be used as temporary ancillary workers' dormitory (41 persons) for a period of 5 years commencing 20 April 2019. Upon expiry of the temporary permission for the temporary secondary workers' dormitory, the premises shall be used for industrial or warehouse purposes.
- (7) An inspection of the Property was carried out by Chew May Yen, a licensed appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV), on 5 November 2021.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of directors and chief executives of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

(I) Long position in the ordinary shares and underlying shares of the Company

(i) Interests in the Company

Interests in ordinary shares

Name of director	Personal interests	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Tay Yong Hua ^{Note 1}	20,000,000	–	529,792,000	549,792,000	–	549,792,000	60.05%
Mr. Kenneth Teo Swee Cheng ^{Note 2}	–	–	529,792,000	529,792,000	–	529,792,000	57.86%
Mr. Kwong Choong Kuen	2,144,000	–	2,144,000	2,144,000	–	2,144,000	0.23%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in HMK Investment Holdings Limited (“HMK”) and he is therefore deemed to be interested in the 529,792,000 Shares held by HMK under the SFO.
2. Mr. Kenneth Teo Swee Cheng holds 4% shares in HMK and he is therefore deemed to be interested in the 529,792,000 Shares held by HMK under the SFO.

(ii) Interests in the associated corporation

Name of directors	Name of associated corporation	Capacity/Nature	No. of shares held	% of the issued voting shares of associate corporation
Mr. Tay Yong Hua	HMK	Beneficial owner	90	90%
Mr. Kenneth Teo Swee Cheng	HMK	Beneficial owner	4	4%

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to standards of dealing by Directors contained in the Listing Rules.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, the following persons/entities (not being Directors or chief executive of our Company) have an interest or a short position in the shares or the underlying shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
HMK ^{Note 1}	Beneficial owner	529,792,000	57.86%
Mr. Tay Yong Meng ^{Note 2}	Interest in a controlled corporation	529,792,000	57.86%
Ms. Lim Sim Swee ("Mrs. Tay") ^{Note 3}	Deem interest by virtue of interest held by spouse	549,792,000	60.05%
Mr. Zheng MingQiang ("Mr Zheng") ^{Note 4}	Beneficial owner	67,073,714	7.33%

Notes:

1. The 529,792,000 shares are beneficially held by HMK which is owned as to 90% by Mr. Tay Yong Hua, 6% by Mr. Tay Yong Meng and 4% by Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing), and they are deemed to be interested in 529,792,000 Shares held by HMK by virtue of the SFO.
2. Mr. Tay Yong Meng holds 6% shares in HMK and he is therefore deemed to be interested in the 529,792,000 Shares held by MHK under the SFO.
3. Mrs. Tay, the spouse of Mr. Tay Yong Hua, is deemed to be interested in the interests held by Mr. Tay Yong Hua under the SFO.
4. According to the individual substantial shareholder notice filed on 8 April 2020 by Mr. Zheng, 67,073,714 shares are beneficially held by him.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. QUALIFICATION AND CONSENTS OF EXPERTS

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Cushman & Wakefield VHS Pte Ltd	Independent property valuer

- (b) As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (c) As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appear.
- (d) As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which have been, since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

- (a) The Option Agreement

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1- 1111, Cayman Islands.
- (b) The head office and principal place of business of the Company is at 85 Tagore Lane, Singapore, 787527.
- (c) The principal place of business in Hong Kong is at Room 1302, 13/F., Perfect Commercial Building No. 20 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited located at Room 2103B, 21F., 148 Electric Road, North Point, Hong Kong.
- (e) The company secretary of the Company is Mr. Lee Kwok Lun, who is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.TheSolisGrp.com>) from the date of this circular up to 14 days thereafter:

- (a) the valuation report from Cushman & Wakefield VHS Pte Ltd, the text of which is set out on Appendix II to this circular;
- (b) the material contract referred to in the paragraph under the heading “Material Contracts” in this appendix; and
- (c) the written consent referred to in the paragraph headed “Qualification and Consent of Experts” in this appendix.