

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SOLIS HOLDINGS LIMITED
守益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2227)

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF PROPERTY**

THE DISPOSAL

The Board is pleased to announce that on 3 January 2022, 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.

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 announcement, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

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 as at the date of this announcement, to approve the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

A circular of the Company containing, among others, (i) further details of the Disposal, and (ii) other information required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2022, in accordance with the Listing Rules.

THE DISPOSAL

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

Date: 3 January 2022

Parties: (1) Sing Moh Electrical Engineering Pte Ltd, as Vendor; and
(2) Soligen Construction and 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. Yan Chunlei, are third parties independent of the Company and its connected persons (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 14 Tagore Lane Singapore 787475. As at the date of this announcement, the Vendor is the legal and beneficial owner of the Property. The use of the Property is office, warehouse and dormitory. Currently, the Group only uses the dormitory for its foreign workers, while the office and warehouse are leased to independent third parties. The Property will be vacated at 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\$8,600,000.

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 3 January 2022; and
- (c) S\$9,025,000, being remaining balance of the Consideration, will be payable by the Purchaser to the Vendor on Completion.

Completion

Completion shall take place within twelve (12) weeks from 3 January 2022, 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 building construction including major upgrading works. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, Mr. Yan Chunlei, are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have considered the current financial position and business operation of the Group and the overall economy and property market in Singapore, and are of the opinion that the current market presents a good opportunity for the Company and the Disposal represents a favourable opportunity to realise the further 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. In addition, the Group is recently tendering for projects which are of significant values and the proceeds will enhance the Group to have higher cashflows and be more liquid in cash.

The Property has been used as the Group's dormitory, while the office and warehouse are rented to independent third parties. It is considered that the number of existing foreign workers are currently not utilizing the dormitory at full capacity, and hence it would be more cost efficient if the Group rent more dormitory spaces whenever it is necessary instead of owning a whole property. As the head office and principal place of business of the Group in Singapore is situated at 85 Tagore Lane Singapore 787527, which is owned by the Company, the Disposal will not have material impact on the operation of the Group.

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\$8,600,000. The Group is expected to record a gain on Disposal of approximately S\$900,000, 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\$900,000.

The Group has used part of the Property as dormitory for foreign workers, and rented out the office and warehouse to independent third parties which generated rental income of S\$125,500 and S\$215,970 for the two years ended 31 December 2019 and 2020, respectively. Therefore, the net profits attributable to the Property was S\$119,386 and S\$210,267 for the two years ended 31 December 2019 and 2020, respectively.

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.

It is estimated that the net proceeds from the Disposal (after deduction of the related transaction costs) would be approximately S\$9,464,000. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

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 announcement, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

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 for the Disposal 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 as at the date of this announcement. Mr. Tay is one of the shareholders of HMK. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

A circular of the Company containing, among others, (i) further details of the Disposal, and (ii) other information required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 24 January 2022, in accordance with the Listing Rules.

Shareholders of the Company and potential investors are urged to exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors of the Company
“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
“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
“Directors”	the director(s) of the Company from time to time
“Disposal”	the sale and purchase of the Property pursuant to the Option Agreement

“Group”	the Company and its subsidiaries
“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 shareholdings of the Group, being Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended 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 3 January 2022 in relation to the grant and exercise of the Option
“Property”	14 Tagore Lane Singapore 787475
“Purchaser”	Soligen Construction and Engineering Pte Ltd, a company incorporated in Singapore with limited liability
“Shares”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“S\$”	Singapore dollars, the lawful currency of Singapore

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“%”	per cent.

For the purpose of this announcement, the exchange rate of S\$1.00 = HK\$5.68 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.

By order of the Board
Solis Holdings Limited
Tay Yong Hua
Executive Chairman and Executive Director

Singapore, 3 January 2022

As at the date of this announcement, the executive Directors are Mr. Tay Yong Hua and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing); 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).