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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)

MAJOR TRANSACTION
IN RELATION TO
ACQUISITION OF PROPERTY

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 9 of this circular.

The Acquisition 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 August 2023

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DEFINITIONS

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

“Acquisition”	the sale and purchase of the Property pursuant to the Option Agreement
“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 Acquisition in accordance with the terms and conditions of the Option Agreement
“Consideration”	the consideration in the amount of S\$9,380,000 for the Acquisition 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, Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
“Director(s)”	the director(s) of the Company
“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 Mr. Tay, Mr. Tay Yong Meng and Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Latest Practicable Date”	11 August 2023, 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 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 Purchaser and the Vendor on 3 July 2023 in relation to the grant and exercise of the Option
“Property”	450 Tagore Industrial Avenue Singapore 787821
“Purchaser”	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
“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)
“S\$”	Singapore dollars, the lawful currency of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Vendor” LTL 2 Pte Ltd, a company incorporated in Singapore with limited liability

“%” per cent.

For the purpose of this circular, the exchange rate of S\$1.00 = HK\$5.80 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*)

Independent Non-executive Directors:

Mr. Cheung Garnok
Mr. Choong Pei Nung
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:*

Units 903A-5, 9/F.,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon,
Hong Kong

18 August 2023

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 3 July 2023 in relation to the Acquisition. The purpose of this circular is to provide the Shareholders with further information of the Acquisition and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE ACQUISITION

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

Date: 3 July 2023

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

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

Under the Option Agreement, the date of grant of Option is 6 June 2023 and the date of exercise of the Option is 3 July 2023. The Option Agreement constitutes a binding agreement at the time of exercise and acceptance of the Option and payment of deposit by the Purchaser. The Vendor and the Purchaser are then required to complete the sale and purchase of the Property within 12 weeks from the date of exercise of the Option. In Singapore, it is common to enter into an option agreement between the owner of a property and a potential purchaser, which gives the potential purchaser the right to purchase the property within a specified period and for an agreed price. The entering into of the Option Agreement provided extra time for the Purchaser in conducting the due diligence on the Property and assessing the market conditions whether it was favourable to exercise the Option.

Property to be acquired

The Property to be acquired is located at 450 Tagore Industrial Avenue Singapore 787821. The Property is a 2-storey building, with a total floor area of approximately 817.6 square metres (8,800.6 square feet)¹. At Completion, the Purchaser intends to apply for a dormitory license for the Property which shall be used for warehouse and dormitory for foreign workers.

As at the date of the Option Agreement and the Latest Practicable Date, the Vendor is the legal and beneficial owner of the Property. Under the Option Agreement, the Property shall be sold to the Purchaser on an "as-is" basis and free from all encumbrances. Currently, the Property is leased to an Independent Third Party generating total annual rental income of approximately S\$100,000 and S\$107,000 for the two years ended 31 December 2021 and 2022, and it is expected that the total annual rental income will amount to approximately S\$107,000 and S\$6,000 for the two years ending 31 December 2023 and 2024. Pursuant to

¹ The difference in the total floor area of the Property stated on this page (817.6 square metres) and page IV-4 (647.0 square metres) is due to extension works that are underway on the Property. As indicated in Note (4) of page IV-4, the property valuer did not take into account the extended area of the Property as they were unable to ascertain the status of the extension at the time of the valuation of the Property.

LETTER FROM THE BOARD

the existing tenancy agreement, the monthly rent amounts to S\$8,888. The tenant confirms that it will not renew the tenancy and will provide vacant possession of the Property upon the expiry of the existing tenancy which will expire in January 2024.

Consideration

The Consideration for the Acquisition is S\$9,380,000, which has been/will be settled in the following manners:

- (a) S\$93,800 was paid by the Purchaser to the Vendor at the time of granting the Option to the Purchaser;
- (b) S\$375,200 was paid by the Purchaser to the Vendor as deposit upon the exercise and acceptance of the Option on 3 July 2023; and
- (c) S\$8,911,000, being remaining balance of the Consideration, will be payable by the Purchaser to the Vendor on Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the market price of comparable properties at nearby location and the preliminary property valuation of the Property of S\$9,400,000 as at 30 June 2023 carried out by Cushman & Wakefield VHS Pte Ltd, an independent property valuer appointed by the Company. A full valuation report on the Property has been set out in Appendix IV of this circular. It is expected that the Consideration will be funded by the Company's internal resources and bank financing to the extent where available.

Completion

Completion shall take place within twelve (12) weeks from 3 July 2023 (being the date of exercise of the Option by the Purchaser), or on such earlier date as the Purchaser and the Vendor may agree in writing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in designing, building and installations of mechanical and electrical systems.

With reference to the announcement of the Company dated 22 April 2022, the Purchaser, together with a third party independent of the Company and its connected persons, have been awarded a project with total contract sum of approximately S\$139 million relating to the supply and installation of high voltage, low voltage, communications and security systems for the Johor Bahru – Singapore Rapid Transit System Link station, tunnels and Customs, Immigration, and Quarantine (CIQ) Building in Singapore (the "Project"). The Project, which started in April 2022, is expected to be completed by the end of 2026. It is also expected that the Project will significantly enhance the Group's revenue stream in the coming few years. The forecasted manpower for the Project is expected to hit over 340 foreign workers to carry out the supply and installation of electrical systems by mid-2025 onwards.

LETTER FROM THE BOARD

As at the Latest Practicable Date, apart from 85 Tagore Lane Singapore 787527 and 7 Woodlands Industrial Park E1 Singapore 757730, which are used as the Company's office, warehouse and workers' dormitory, the Company does not own other properties of suitable size in support of the Project and continued business growth of the Group. The current approved dormitory occupancy for the 2 self-owned properties are 228 foreign workers.

Following Completion, the Company plans to demolish the entire Property and erect a proposed 4-storey building to serve as warehouse, office, dormitory and ancillary facilities. The Company is currently in the process of engaging architects and consultants to prepare the building design and plans for submission to the relevant authority for approval, which shall be submitted together with an application for a license to use the Property as a dormitory facility. The Directors do not foresee any difficulties in obtaining the licenses nor do they anticipate a rejection of the license application. Upon approval of the submission, the Company will launch a tender request for quotations on the costs of the planned works which it anticipates such estimations on costs will be finalised by the end of 2023.

As the existing tenancy of the Property will only end in January 2024, the Company is already in the process of preparing the submission for approval as soon as practicable and plans to begin renovations on the Property immediately upon the expiry of the existing tenancy agreement. The Company aims to have the renovations completed before intended usage of the Property by mid-2025 and anticipates that it will take up to 6 months to obtain the dormitory license for the Property from the date of submission of the abovementioned license application.

The Directors considered that the Property is able to increase the capacity of accommodation for foreign workers and offer additional warehouse space necessary for the storage of materials. Additionally, it is more efficient for the Group to provide and manage good quality living conditions for foreign workers in a self-owned property. It is further considered that the Acquisition will be a good opportunity for capital investment in the long-run for the Group. In this regard, the Directors are of the view that the Acquisition is beneficial to the Group.

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

INFORMATION OF THE GROUP AND PURCHASER

The Company is a company 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. The Purchaser is a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Singapore with limited liability which is principally engaged in wholesale trade of furniture, home furnishings and other household equipment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner, Lim Seng Chye, are Independent Third Parties. Furthermore, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve (12) months, there has been, no material loan arrangement between (a) the Vendor, and its directors and legal representatives and ultimate beneficial owner; and (b) the Company, the Purchaser, and/or any of their connected persons.

FINANCIAL EFFECT OF THE ACQUISITION

Earnings

As set out in "Unaudited Financial Information of the Property" in Appendix II to this circular, the gross rental income generated from existing tenancy of the Property for each of the two years ended 31 December 2021 and 2022 amounted to approximately S\$100,000 and approximately S\$107,000 respectively. Pursuant to the existing tenancy agreement, the monthly rent amounts to S\$8,888, and accordingly the total annual rental income during the two years ending 31 December 2023 and 2024 will be approximately S\$107,000 and S\$6,000 respectively.

Assets and Liabilities

As set out in "Unaudited Pro Forma Statement of Assets and Liabilities" in Appendix III to this circular, upon Completion, there will be an increase in total assets of approximately S\$6.6 million, with an increase in property, plant and equipment of approximately S\$9.8 million (representing the sum of the Consideration and other estimated transaction costs such as stamp duty and legal fees incurred for the Acquisition), and a decrease in bank balances and cash of approximately S\$3.2 million.

The Group will utilise the Property for self-use as warehouse and workers' dormitory. It is expected that there will be a potential reduction in cash as well as cash equivalents, an increase in bank borrowings and interest expenses arising from the mortgage loans in respect of the Acquisition. As the Acquisition shall be financed by internal resources and banking facilities available to the Group through a mortgage loan of approximately S\$6.6 million, the total liabilities of the Group are expected to increase by approximately S\$6.6 million. As at the Latest Practicable Date, the terms of the mortgage loan have not been finalised yet. The interest applicable to the Loan shall be determined based on the interest rate commencing on the first day of each relevant interest period. Further details of the financial effect on the assets and liabilities of the Group are set out in Appendix III to this circular.

Save as disclosed above, there will be no immediate material effect on the assets and liabilities of the Group associated with the Acquisition.

LETTER FROM THE BOARD

IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio for the Company in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition 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 Latest Practicable Date, the Vendor 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 Acquisition. 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 Acquisition. The Company has obtained the written approval for the Acquisition 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 Latest Practicable Date. 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 Acquisition.

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 Acquisition 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 Acquisition, the Board recommend the Shareholders to vote in favour of the relevant resolution(s) regarding the Acquisition if the Company were to convene a general meeting for the approval of the Acquisition.

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 SUMMARY

Financial information of the Group for the three financial years ended 31 December 2020, 2021 and 2022 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 2020 published on 28 April 2021 (pages 67 to 137) (available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042801858.pdf>);
- (b) annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (pages 70 to 141) (available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901298.pdf>); and
- (c) annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 82 to 157) (available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700893.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2023, 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 June 2023, the Group's approved banking credit facilities are approximately S\$18,472,000 with approximately S\$16,892,000 being utilised. The Group's banking facilities were secured by:

- (i) pledges over the Group's freehold property with a net carrying amount of approximately S\$22,873,000;
- (ii) pledges over certain of the Group's fixed deposits with a net carrying amount of approximately S\$1,715,000, and bears interest at a range of 1.5%-3.5% per annum; and
- (iii) corporate guarantee provided by the Company.

(b) Lease liabilities

As at 30 June 2023, the Group had lease liabilities of approximately S\$357,000.

(c) 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 June 2023, 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 June 2023.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will maintain its focus on (i) designing of mechanical and electrical (“**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. It has been more than two years into the Coronavirus Disease 2019 (“**COVID-19**”) pandemic. Singapore has transited to living with COVID-19 with the progressive removal of its domestic and border restrictions. This has in turn supported the recovery from the impact of the pandemic. With the shortfall in resources, fluctuating raw material costs, project delays, and supply chain issues blowing budgets out and leading to sectoral insolvencies, the past two years have brought incredible and unprecedented challenges to the industry.

While the construction industry is slowly recovering, current macroeconomic and geopolitical factors, inevitably raise new issues for the construction industry in Singapore. Although the outlook for the construction industry is upbeat, it remains vulnerable and volatile. Supply chain disruptions, labour and material shortages and the resultant cost pressures remain the most pressing issues as these will affect tender pricings which in turn lead to much lower profit margins and hence affecting the financial performance of the Group.

The Group needs to be more astute now and always factor in other cyclical economic and business uncertainties bringing us as close to predicting the future as possible. Being future-ready is the key to sustained momentum and long-term growth. The Group has also adopted a more prudent approach in tendering for new projects in view of the above headwinds and volatility of the market. The Group has 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. The Group will continue to pay close attention to the macroeconomic environment and implement contingency plans in a timely manner, while it continues to ensure smooth progress of its projects and practice tight cost controls. 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 year ended 31 December 2022, the Group's revenue decreased by approximately 6.2% to approximately S\$13.7 million as compared to approximately S\$14.6 million recorded in the last financial year. The decrease in revenue was mainly attributable to lesser construction activities performed during the year as compared with corresponding year. Our gross profit decreased by approximately S\$0.9 million, from approximately S\$3.0 million for the year ended 31 December 2021 to approximately S\$2.1 million for the year ended 31 December 2022. As at 31 December 2022, the Group had cash and bank balances of approximately S\$24.0 million and available unutilised banking facilities of approximately S\$3.5 million. The Group's current ratio was approximately 2.0 times and gearing ratio was approximately 12.1%.

As at 31 December 2022, 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 of its cash and cash equivalents, cash flows generated from operations, and bank facilities.

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains some proceeds from the listing in Hong Kong dollars amounting to approximately S\$0.7 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.

As at 31 December 2022, the Group had a total of 144 employees, including executive Directors. Total staff costs (including Directors' emoluments) were approximately S\$6.1 million for the year ended 31 December 2022. The Group's employees are remunerated according to their job scope, responsibilities, and performance. They 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 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.

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 acquisition 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 2022, the date to which the latest published audited financial statements of the Group were made up.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

PROFIT AND LOSS STATEMENT OF THE PROPERTY

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules, on an acquisition of any revenue generating assets (other than a business or a company) with an identifiable income stream or assets valuation, the Company is required to include in this circular a profit and loss statement for the three preceding financial years or less, where the asset has been held by the vendor for a shorter period, on the identifiable net income stream in relation to such assets which must be reviewed by the auditor or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. In the case of the Company in relation to the Acquisition, such period covers the three financial years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 (the “**Relevant Period**”).

As at the Latest Practicable Date, the Vendor has leased out the Property to an Independent Third Party for rental income, and therefore the Property was a revenue-generating asset with an identifiable income stream under Rule 14.67(6)(b)(i) of the Listing Rules. The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules after taking into account, among others, the following:

- (a) under the Option Agreement, the Property shall be sold to the Purchaser on an “as-is” basis and free from all encumbrances, and the Acquisition is not intended to be subject to tenancy. Currently, the Property is leased to an Independent Third Party generating total annual rental income of approximately S\$100,000 and S\$107,000 for the years ended 31 December 2021 and 2022. The tenant confirms that it will not renew the tenancy and will provide vacant possession of the Property upon the expiry of the existing tenancy which will expire in January 2024;
- (b) as Vendor is not a public company, its accounts, books and records are not available to the public. Despite the Company’s request, the Vendor refused to provide the relevant information in relation to the Property as it has no legal obligation to provide the relevant information in relation to the Property for the Relevant Period to the Purchaser. Without the aforesaid full access to the underlying books and records of the Property, the Company is unable to properly compile the profit and loss statement for the Relevant Period;
- (c) an independent valuation report of the Property as appraised by the independent professional valuer is set out in Appendix IV to this circular;
- (d) there will be alternative disclosures in the circular including (i) a summary of the tenancy agreement including monthly rental income; (ii) the estimated gross rental income for the Property for the Relevant Period; and
- (e) the provision of the historical profit and loss figures of the Property will not be meaningful in determining the Consideration for the Acquisition, which is based on the valuation report.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

Based on the reasons set out above, the Company is of the view that inclusion of the profit and loss statement for the Relevant Period is not necessary and will not render this circular materially incomplete, misleading or deceptive to the Shareholders and potential investors of the Company. Therefore, the Board considers that the waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules would not create undue risk for the Shareholders and its investors.

The Stock Exchange has granted a waiver to the Company from the strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, on the condition that the Company would disclose the waiver (including details of the wavier application and the alternative disclosures) in the circular. As alternative disclosures, the Company discloses the unaudited rental income of the Property as set out in this appendix.

For the preparation of alternative disclosures, the Company has obtained from the Vendor (i) a copy of the tenancy agreement of the Property entered into between the Vendor and the tenant (the “**Tenancy Agreement**”) and (ii) a copy of the ownership report of the Property (collectively with the Tenancy Agreement, the “**Tenancy Information**”). Details of the Tenancy Agreement are included in the section headed “Valuation Certificate” as set out in Appendix IV to this circular. Save for the Tenancy Information, (i) no further detailed breakdown of any financial information has been provided by the Vendor; and (ii) the Vendor is not a public company and it has not granted the Company access to the underlying books and records or other financial information of the Property, including costs and expenses for the preparation of the financial information of the Property for the Relevant Period, in compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules.

The estimated gross rental income for the Property for each of the Relevant Period set out below has been prepared by the Directors solely based on the Tenancy Agreement provided by the Vendor and represents an alternative to and does not represent the profit and loss statement of the Property. Accordingly, it may not give a full picture of the performance of the Property during the Relevant Period.

Pursuant to the Tenancy Agreement, the tenant is responsible for all water, gas, electricity, other utilities expenses supplied to the Property and for all telecommunication services and other services (including television licence) supplied to the Property. The Vendor, as the landlord of the Property, is responsible for the property tax imposed on the Property not exceeding property tax calculated at an annual value equivalent to the total of the rent of the corresponding period of term of tenancy. Due to limited information available, the Directors are unable to ascertain whether there were any other expenses such as depreciation, finance costs and tax incurred for the Relevant Period. As such, all the above expenses are not included in the unaudited financial information of the Property set out in this appendix.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

Based on the Tenancy Agreement, the gross rental income of the Property during the Relevant Period is as follows:

	For the year ended 31 December			For the six months period ended
	2022	2021	2020	30 June 2023
	S\$'000	S\$'000	S\$'000	S\$'000
	(approximately)	(approximately)		(approximately)
Gross Rental Income	107	100	–	53

Notes:

1. The rental income for the Relevant Period is compiled from the Tenancy Agreement provided by the Vendor.
2. As the term of tenancy was from 23 January 2021 to 22 January 2024, there was no gross rental income recorded for the year ended 31 December 2020.
3. Based on the Tenancy Agreement, the total gross rental income of the Property for the period from 1 January 2023 up to 22 January 2024 is approximately S\$113,000.
4. The following procedures have been undertaken by Baker Tilly TFW LLP (“**Baker Tilly**”), the auditor of the Company, in accordance with International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board (the “**IAASB**”), with respect to the Tenancy Agreement.

Baker Tilly has performed the procedures described below:

- (i) Obtained the gross rental income summary of the Property for the Relevant Period prepared by the management of the Company.
- (ii) Compared the particulars of the locations, name of tenant and lease periods shown in gross rental income summary to the copy of Tenancy Agreement.
- (iii) Compared the total amounts of gross rental income for the Relevant Period as shown in the gross rental income summary to the corresponding amounts shown in the gross rental income of the Property.

Baker Tilly’s findings are:

- (a) With respect to procedure (i) above, Baker Tilly obtained the gross rental income summary for the Relevant Period and found the gross rental income summary to be arithmetically accurate.
- (b) With respect to procedure (ii) above, Baker Tilly compared the particulars of the locations, name of tenant and lease periods shown in gross rental income summary to the copy of the Tenancy Agreement provided by the management of the Company and found them in agreement.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

- (c) With respect to procedure (iii) above, Baker Tilly compared the total amounts of gross rental income for the Relevant Period as shown in the gross rental income summary to the corresponding amount shown in page II-3 of this appendix and found the amounts to be in agreement.

As the above procedures do not constitute an assurance engagement, Baker Tilly does not express any opinion or an assurance conclusion.

Had Baker Tilly performed additional procedures, other matters might have come to Baker Tilly's attention that would have been reported to the Company.

1. INTRODUCTION

The following is the unaudited pro forma financial information of Solis Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), comprising the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2022 and related notes (collectively, the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to ISAE 3420 “Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the International Auditing and Assurance Standards Board (the “**IAASB**”), for the purpose of illustrating the effect of the proposed major acquisition of property (the “**Acquisition**”) as described in the section headed “Letter from the Board” in this circular.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate the consolidated statement of assets and liabilities of the Group as at 31 December 2022 as if the Acquisition had been completed on 31 December 2022.

The Unaudited Pro Forma Financial Information of the Group is based upon the consolidated financial information of the Group for year ended 31 December 2022, which has been derived from the Company’s published annual report for the year then ended, dated 29 March 2023, after taking pro forma adjustments as summarised in the accompanying notes that are clearly shown explained, factually supportable and directly attributable to the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Group had the Acquisition been completed as at the specified dates or any other dates.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2022 and other financial information included elsewhere in this circular.

APPENDIX III UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2022

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2022	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2022
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	
Non-current assets				
Property, plant and equipment	25,030	9,380	463	34,873
Right-of-use assets	335			335
Intangible assets	62			62
Financial assets at fair value through other comprehensive income	9,102			9,102
Financial asset at fair value through profit or loss	<u>4,237</u>			<u>4,237</u>
Total non-current assets	<u>38,766</u>			<u>48,609</u>
Current assets				
Trade receivables	562			562
Other receivables, deposits and prepayments	516			516
Contract assets	3,782			3,782
Inventories	48			48
Pledged fixed deposits	1,711			1,711
Cash and cash equivalents	<u>24,036</u>	(2,814)	(463)	<u>20,759</u>
Total current assets	<u>30,655</u>			<u>27,378</u>
Total assets	<u>69,421</u>			<u>75,987</u>

APPENDIX III UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

	Audited consolidated statement of assets and liabilities of the Group as at 31 December 2022 S\$'000 (Note 1)	Pro forma adjustments S\$'000 (Note 2)	S\$'000 (Note 3)	Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2022 S\$'000
Non-current liabilities				
Bank borrowing, non-current	5,479	6,566		12,045
Lease liabilities, non-current	189			189
Deferred tax liabilities	229			229
	<u>5,897</u>			<u>12,463</u>
Current liabilities				
Trade payables and trade accruals	2,127			2,127
Other payables and accrued expenses	10,831			10,831
Contract liabilities	1,797			1,791
Bank borrowing, current	136			136
Lease liabilities, current	334			334
	<u>15,225</u>			<u>15,225</u>
Total current liabilities				
	<u>15,225</u>			<u>15,225</u>
Total liabilities	21,122			27,688
Net assets	48,299			48,299
Equity and reserves				
Share capital	1,585			1,585
Share premium	34,440			34,440
Retained earnings	732			732
Reserves	11,545			11,545
	<u>48,302</u>			<u>48,302</u>
Equity attributable to owners of the Company	48,302			48,302
Non-controlling interest	(3)			(3)
	<u>48,299</u>			<u>48,299</u>
Total equity	<u>48,299</u>			<u>48,299</u>

APPENDIX III UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

Notes to the Unaudited Pro Forma Financial Information

1. The Group's financial information is based upon the consolidated financial information of the Group for the year ended 31 December 2022, which has been derived from the Group's published annual report for the year then ended, dated 29 March 2023.
2. The Property is classified as property, plant and equipment as the Group intends to use the Property for self-use as warehouse and workers' dormitory after the completion of the Acquisition. The Group intends to finance the Acquisition partly by internal resources and partly by bank borrowings. In preparing the Unaudited Pro Forma Financial Information, the Directors had assumed that the Group will settle 30% of the consideration (S\$2,814,000) and all direct expenses (approximately S\$463,000) by internal resources and 70% of the consideration (S\$6,566,000) by a mortgage bank loan.

As at the date of this circular, the proposed mortgage loan facility is subject to credit assessment and formal approve procedures to be conducted by a bank and no loan agreement has been executed yet. Notwithstanding, it is assumed that the mortgage bank loan will be classified as a non-current liability. As such, the apportionment of the above financing at the date of completion could be different from the amounts presented above.

3. The direct expenses in relation to the Acquisition comprise: (i) transaction costs and related taxes amounting to approximately S\$439,000 and (ii) professional fee directly attributable to the Acquisition amounting to approximately S\$24,000.

	<i>Notes</i>	S\$
Transaction costs and related taxes	<i>i</i>	439,000
Professional fees	<i>ii</i>	<u>24,000</u>
		<u><u>463,000</u></u>

Note i:

The amount represents estimated transaction costs of approximately S\$439,000 payable by the Group in connection with the Acquisition, which included the stamp duty for the Acquisition.

Note ii:

The amount represents estimated professional fees of approximately S\$24,000 payable by the Group in connection with the Acquisition, which included the legal fee and other professional fees for the Acquisition.

4. No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2022 for the unaudited pro forma consolidated statement of assets and liabilities.

3. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is a text of a report received from Baker Tilly TFW LLP, the reporting accountant, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix and prepare for the sole purpose of inclusion in this circular.



To the directors of Solis Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Solis Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Director**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of the assets and liabilities of the Group as at 31 December 2022 and related notes as set out on pages III-1 to III-4 of Appendix III to the circular issued by the Company dated 18 August 2023 (the “**Circular**”) in connection with the proposed acquisition of the Property (the “**Acquisition**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in pages III-1 to III-4 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group’s financial position as at 31 December 2022 as if the Acquisition had taken place at 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Company’s audited consolidated financial statements for the year ended 31 December 2022.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Our Independence and Quality Management

We have complied with the independent and other ethical requirement of the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies Singapore Standard on Quality Management (SSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issues.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board (the "IAASB"). This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules.

For the purposes of this engagement, we are not responsible for updating or reissuing and reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit of review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

Baker Tilly TFW LLP
Public Accountants and Chartered Accountants
Singapore

18 August 2023



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cushmanwakefield.com

Company Registration No. 200709839D

18 August 2023

**Solis Holdings Limited &
Sing Moh Electrical Engineering Pte Ltd**
85 Tagore Lane
Singapore 787527

Dear Sirs

VALUATION OF 450 TAGORE INDUSTRIAL AVENUE, SINGAPORE 787821

Cushman & Wakefield VHS Pte. Ltd. (“**Cushman & Wakefield**”) have been instructed by Solis Holdings Limited (the “**Client**”), to provide the market value as at 30 June 2023 and valuation certificate in respect of the above mentioned property (“**the Property**”), for the purpose of intended purchase.

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

In the valuation of the Property, we have complied with all the requirements contained in the SISV Valuation Standards published by the Singapore Institute of Surveyors and Valuers; and the International Valuation Standards published by the International Valuation Standards Council.

“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 is free from encumbrances, restrictions or other outgoings of an onerous nature which would affect their market value, other than those which have been made known to Cushman & Wakefield.

No structural survey has been made, but in the course of our inspection, we did not note any serious defect to the building. 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 of 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 34 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 30 June 2023
450 Tagore Industrial Avenue, Singapore 787821	<p>The Property comprises a parcel of land (Lot No. MK20-1519T) with a 2-storey intermediate terrace factory. We understand that property was completed in circa 1990s.</p> <p>The Property is located along Tagore Industrial Avenue, off Tagore Road and Tagore Drive, 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 722.6 sq m and floor area of approximately 647 sq m (as scaled from floor plans provided and verified on site).</p> <p>The Property has an estate in perpetuity (freehold) tenure.</p>	<p>As at the valuation date, we understand that the Property was tenanted.</p>	S\$9,400,000

Notes:-

- (1) The registered proprietor for the Property is LTL 2 Pte Ltd.
- (2) We understand that the Property is tenanted as at date of site inspection. The Property is currently tenanted at a monthly rental of S\$8,888/- for 3 years commencing from 23 January 2021 to 22 January 2024.
- (3) 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.
- (4) We have not taken the single-storey production area at the rear of the Property into consideration in our valuation as we are unable to ascertain the status of the extension.

- (5) The Property is subject to a mortgage in favour of RHB Bank Berhad lodged on 10 December 2020. We have assumed that the existing mortgage will be discharged upon the completion of the sale of the Property and are of the opinion that the mortgage would not affect the market value of the Property.
- (6) A caveat was lodged against the Property on 7 June 2023 by Tay Yong Hua, the chairman and executive director of the Client, claiming interest as purchaser (the “Caveat”). We understand that this Caveat was lodged in favour of Tay Yong Hua together with the option to purchase granted by LTL 2 Pte Ltd. We understand this Caveat was intended to represent and protect the purchaser’s interest in the Property and the Caveat is expected to be released upon completion of the sale of the Property. As such, the Caveat does not represent an encumbrance that would affect the market value of the Property.
- (7) There is no ground or government rent applicable to the Property.
- (8) The Property was used for warehouse and storage purposes at the time of our inspection. This use is in conformance with the allowable use under Business 1 zoning in the Master Plan 2019.
- (9) An inspection of the Property was carried out by Thomas Teh, a licensed appraiser with the Inland Revenue Authority of Singapore, a member of the Singapore Institute of Surveyors & Valuers (SISV), on 6 July 2023.
- (10) 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.

We have relied on the following sale evidence in arriving at our valuation of the Property:

Property Address	Land Area (sq.m/ sq.ft)	Tenure	Consideration (S\$)	Date of Sale
87 Tagore Lane	779.2/ 8,387	Freehold	S\$10,100,000/ (S\$1,204 psf)	21 Apr 2023
17 Kim Chuan Terrace	561.7/ 6,046	Freehold	S\$10,100,000/ (S\$1,671 psf)	18 Apr 2023
3 Senang Crescent	326.3/ 3,512	Freehold	S\$3,560,000/ (S\$1,014 psf)	18 Jan 2023
194 Tagore Lane	354.7/ 3,818	Freehold	S\$5,120,000/ (S\$1,341 psf)	30 Aug 2022
188 Tagore Lane	354.4/ 3,815	Freehold	S\$5,200,000/ (S\$1,363 psf)	13 Jul 2022

Source: SISV Realink21

In arriving at the market value of the Property, we have identified and analysed sales of similar developments in the vicinity and in similar standard localities. These comparables¹ are landed terrace factories located along Tagore Lane, Senang Crescent and Kim Chuan Terrace which were transacted between 2022 and 2023. These comparables are located within development zoned Business 1 use in the Master Plan 2019. The adjusted unit rate of these comparables range from S\$1,014/sq.ft. to S\$1,671/sq.ft. on land area.

We have taken into consideration of the prevailing market conditions and have made adjustments for differences between the Property and the comparables in terms of size, location, dates of transactions, amongst other factors to arrive at an aggregate unit rate of S\$1,209/sq.ft. on land area.

The aggregate unit rate of the Property is in line with the unit rate of these comparables and is within a reasonable range.

¹ This list of comparables adopted in the valuation are exhaustive.

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	Corporate interests	Total interests in ordinary 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 (Kenneth Zhang Ruiqing) ^{Note 2}	–	529,792,000	529,792,000	529,792,000	57.86%
Mr. Kwong Choong Kuen (Huang Zhongquan)	2,144,000	–	2,144,000	2,144,000	0.23%

Notes:

1. Mr. Tay Yong Hua holds 90% shares in 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 (Kenneth Zhang Ruiqing) 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 (Kenneth Zhang Ruiqing)	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%

Name of shareholders	Capacity	Number of shares held	% of the Company's issued voting shares
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 Ming Qiang ("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 2022 (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 CONSENT OF EXPERTS

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

Name	Qualification
Baker Tilly TFW LLP	Public Accountants and Chartered Accountants
Cushman & Wakefield VHS Pte. Ltd.	Independent property valuer

- (b) As at the Latest Practicable Date, each of the above experts 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, each of the above experts 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 appears.
- (d) As at the Latest Practicable Date, each of the above experts did not have any interest, direct or indirect, in any assets which have been, since 31 December 2022, 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 contracts (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;
- (b) the option agreement entered into between Sing Moh Electrical Engineering Pte Ltd (as purchaser) and Hong Soon Hung Holdings Pte Ltd (as vendor) on 18 May 2022 in relation to the grant of the option for the sale and purchase of 7 Woodlands Industrial Park E1 Singapore 757730 for the consideration of S\$8,100,000;
- (c) the option agreement entered into between Sing Moh Electrical Engineering Pte Ltd (as vendor) and Soligen Construction and Engineering Pte Ltd (as purchaser) on 3 January 2022 in relation to the grant of the option for the sale and purchase of 14 Tagore Lane Singapore 787475 for the consideration of S\$9,500,000; and
- (d) the option agreement entered into between Sing Moh Electrical Engineering Pte Ltd (as vendor) and Chuang Xin Engineering Pte Ltd (as purchaser) on 8 October 2021 in relation to the grant of the option for the sale and purchase of 202 Tagore Lane Singapore 787591 for the consideration of S\$9,500,000.

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 Units 903A-5, 9/F., 8 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The company secretary of the Company is Ms. Chin Ying Ying, who is a member of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor and a Certified Environmental, Social and Governance Analyst (CESGA) from the European Federation of Financial Analysts Societies.
- (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 Option Agreement;
- (b) the report on the unaudited pro forma financial information prepared by Baker Tilly TFW LLP, the text of which is set out in Appendix III to this circular;
- (c) the valuation report from Cushman & Wakefield VHS Pte. Ltd., the text of which is set out on Appendix IV to this circular; and
- (d) the written consents referred to in the paragraph headed “Qualification and Consent of Experts” in this appendix.