SOLIS HOLDINGS LIMITED
守益控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2227)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT 2019 AND CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of Solis Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 28 November 2017 (the "**Prospectus**"), which contained the proposed use of net proceeds (the "**Net Proceeds**") raised from the Share Offer of the Company and (ii) the annual report of the Company for the year ended 31 December 2019 (the "**Annual Report 2019**") published on 29 April 2020. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report 2019.

The Net Proceeds from the Listing, after deducting Listing related expenses, amounted to approximately S$24.0 million. As stated in the Annual Report 2019, the Group had utilised approximately S$12.0 million of the Net Proceeds, representing approximately 50.0% of the Net Proceeds. The unutilised Net Proceeds amounted to approximately S$12.0 million, representing approximately 50.0% of the Net Proceeds.

For reasons set out in the paragraph headed "Reasons for and Benefits of the Change in Use of Net Proceeds" below, the board (the "**Board**") of directors (the "**Directors**") of the Company has resolved to change the use of approximately S$7.1 million out of the unutilised Net Proceeds which were originally allocated for (i) purchase of machinery and equipment, and lorries; (ii) purchase of additional property and (iii) expand our internal competencies, will be reallocated to general working capital of the Group. The table below sets out the original allocation of Net Proceeds, the change in use, the revised position after change in use and expected timeline for utilising the remaining balance of the unutilised Net Proceeds as follows:

Use of Net Proceeds	**Planned use of Net Proceeds as disclosed in the Prospectus** *(S$' million)*	**Net Proceeds utilised up to the Annual Report 2019** *(S$' million)*	**Unutilised amount as at 31 December 2019** *(S$' million)*	**Reallocation of unutilised Net Proceeds** *(S$' million)*	**Expected timeline for utilising the unutilised Net Proceeds** *(Note)*
Increase our workforce	4.0	1.9	2.1	2.1	On or before 31 December 2022
Purchase of machinery and equipment, and lorries	1.5	0.2	1.3	0.5	On or before 31 December 2022
Purchase of additional property	10.0	8.8	1.2	–	
Expand our internal competencies	6.9	–	6.9	1.8	On or before 31 December 2022
Build our competencies in BIM	0.5	–	0.5	0.5	On or before 31 December 2022
General working capital	1.1	1.1	–	7.1	On or before 31 December 2021
Total	**24.0**	**12.0**	**12.0**	**12.0**	

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

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

The planned use of Net Proceeds from the Share Offer as disclosed in the Prospectus was based on the best estimation made by the Group in relation to the then future market conditions as at the Latest Practicable Date of the Prospectus, while the Net Proceeds were applied in accordance with the actual development of the market from time to time.

The Group originally allocated (i) S$1.5 million for purchase of machinery and equipment, and lorries to support our business expansion of which the Group had only utilised S$0.2 million due to the delayed in projects roll out, hence as at the date of this announcement, there is approximately S$1.3 million in aggregate unutilised Net Proceeds; (ii) S$10.0 million to purchase an additional property of which in November 2018, the Group managed to purchase an additional property at a cost lower than that estimated as at the date of the Prospectus. Accordingly, as at the date of this announcement, there is approximately S$1.2 million in aggregate unutilised Net Proceeds and (iii) S$6.9 million to expand our internal competencies in relation to the design and installation of air-conditioning and mechanical ventilation systems, and fire protection systems, however, the utilisation was delayed due to the construction market sentiment in Singapore been subdued since the start of 2018, hence the business plan was put on hold until the Group has secured sufficient projects for the increase in the Group's scale of operations. Accordingly, as at the date of this announcement, there is approximately S$6.9 million in aggregate unutilised Net Proceeds.

The Board has considered several factors including the fact that (i) outbreak of the coronavirus disease 2019 pandemic ("**COVID-19**") early this year has no sign that the COVID-19 would be under control in the near future; (ii) tightened measures imposed by the Singapore government has led to extensive disruption to the normal operations of the Group in Singapore, and the gradual restart from the closure of workplaces nationally since April 2020 may drag for months before full resumption of construction works and as at the date of this announcement, construction works in Singapore has not been fully resumed; and (iii) the economic downturn to be experienced in Singapore which is expected to slow down projects roll out. In view of these uncertainties and the market conditions, the Group's operations and financial performance may be materially and adversely affected. Accordingly, the Group needs to adopt a more effective policy to maintain its existing business operations and cash flow liquidity.

Based on the interests of the Company and its Shareholders as a whole and in light of current market conditions and the Group's business needs, the Board intends to reallocate part of the unutilised Net Proceeds of approximately S$7.1 million to general working capital so as to meet its operational needs (especially the impact of COVID-19 which resulted in the Group incurring higher operating expenses in order to meet the safe management measures imposed by the Singapore government) and provide more buffer to cope with the increasingly economic uncertainties in the future.

The Board believes that the above change in use of the Net Proceeds will enable the Group to have a higher degree of flexibility in cash flow management, with enriched financial resources at its disposal while reserving the rights to apply the unutilised Net Proceeds back to its original business expansion as and when suitable opportunities arises. Therefore, the Board considers that such a change serves the purpose of achieving effective deployment of the Group's financial resources and is conducive to the Group's current development in light of the unstable business environment, and in the interests of the Group and the Shareholders as a whole. The Board will continuously assess the plans for use of the unutilised Net Proceeds, and may revise or amend such plans where necessary to respond to the changing market conditions and strive for better business performance of the Group. Save as disclosed in this announcement, there are no other changes in the use of the Net Proceeds.

The supplemental information provided in this announcement does not affect other information contained in the Annual Report 2019 and, save as disclosed above, the contents of the Annual Report 2019 remain unchanged.

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

Singapore, 3 August 2020

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 independent non-executive Directors are Mr. Cheung Garnok, Dr. Guan Huan Fei and Mr. Jacobsen William Keith.