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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)**

**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; (ii) the supplemental announcement of the Company dated 3 August 2020 in relation to the change of use of proceeds from the Listing and the annual report of the Company for the financial year ended 31 December 2019 (the “2019 Annual Report”) in relation to the use of proceeds from the Listing and (iii) the interim report of the Company for the six months ended 30 June 2021 (the “Interim Report 2021”) published on 20 September 2021. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Interim Report 2021.

**CHANGE IN USE OF PROCEEDS**

As disclosed in the Interim Report 2021, the Group had utilised approximately S\$15.7 million of the Net Proceeds, representing approximately 65.4% of the Net Proceeds. The amount of Net Proceeds which remains unutilised as at 30 June 2021 was approximately S\$8.3 million, representing approximately 34.6% of the Net Proceeds.

For reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below, the board (the “Board”) of directors (the “Directors”) of the Company has resolved to change the use of the remaining unutilised net proceeds to be reallocated to investment in Bonds which were originally allocated for (i) increase our workforce; (ii) purchase of machinery and equipment, and lorries; (iii) expand our internal competencies; (iv) build our competencies in BIM; and (v) general working capital. The table below sets out the allocation of Net Proceeds, the change in use, the revised position after change in use and expected timeline for utilising the unutilised Net Proceeds as follows:

Use of Net Proceeds	Net Proceeds utilised up to 30 June 2021 <i>(S\$' million)</i>	Unutilised amount as at 30 June 2021 <i>(S\$' million)</i>	Reallocation of unutilised Net Proceeds <i>(S\$' million)</i>	Expected timeline for utilising the unutilised Net Proceeds
Increase our workforce	3.7	0.3	–	
Purchase of machinery and equipment, and lorries	0.3	0.4	–	
Purchase of additional property	8.8	–	–	
Expand our internal competencies	–	1.8	–	
Build our competencies in BIM	–	0.5	–	
General working capital	2.9	5.3	–	
Investment in Bonds	–	–	8.3	On or before 31 December 2021
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Total	<u>15.7</u>	<u>8.3</u>	<u>8.3</u>	

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

There has been a delay in utilisation of the Net Proceeds mainly due to the outbreak of the Coronavirus Disease 2019 (“COVID-19”) pandemic and the uncertainty of the development of the COVID-19 Variant. It has led to severe contraction in the construction sector in Singapore. The tightening of controls by the Singapore Government has also led to shortage of manpower and supply chain disruption. In this regard, with a view to improving the efficiency of the use of the Company’s available net proceeds from the Listing and as the interest rates of demand deposit offered by licensed banks are relatively low, the Board has resolved to allocate the available proceeds to invest in Bonds which the Board considers as a conservative investment with a satisfactory expected return, acceptable risk and high liquidity. The investment is expected to increase the Group’s income, improve the efficiency and effectiveness of the use of the Company’s available proceeds.

In view of the above, the Board considers that the aforesaid change in use of proceeds will allow the Company to deploy its financial resources more efficiently and therefore, are in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

Should there be any material delay or further change in the use of proceeds, further announcement(s) will be made by the Company in due course.

By order of the Board  
**Solis Holdings Limited**  
**Tay Yong Hua**

*Executive Chairman and Executive Director*

Singapore, 5 October 2021

*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).*