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SOLIS HOLDINGS LIMITED
守益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2227)

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

THE DISPOSAL

The Board is pleased to announce that on 8 October 2021, the Purchaser accepted and exercised the Option granted by the Vendor under the Option Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase the Property at a consideration of S\$9,500,000, subject to the terms and conditions of the Option Agreement.

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 18 November 2021, in accordance with the Listing Rules.

REASONS FOR THE BREACH OF THE LISTING RULES

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

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

THE DISPOSAL

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

Date: 8 October 2021

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

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

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

Property to be disposed of

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

Consideration

The Consideration for the Disposal is S\$9,500,000, which was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the market price of comparable properties at similar location and the audited carrying value of the Property as at 31 December 2020 of S\$7,800,000.

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

- (a) S\$95,000 was paid by the Purchaser to the Vendor at the time of granting the Option to the Purchaser;

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

Completion

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

INFORMATION OF THE GROUP

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

INFORMATION OF THE PURCHASER

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

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

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

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

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

It is estimated that the net proceeds from the Disposal would be S\$1,700,000. 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(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 18 November 2021, in accordance with the Listing Rules.

REASONS FOR THE BREACH OF THE LISTING RULES

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

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

REMEDIAL MEASURES

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

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

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

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

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

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

DEFINITIONS

“Board”	the board of Directors
“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
“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 8 October 2021 in relation to the grant and exercise of the Option
“Property”	202 Tagore Lane Singapore 787591
“Purchaser”	Chuang Xin Engineering Pte Ltd, a company incorporated in Singapore with limited liability
“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\$5.79 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such a rate.

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

Singapore, 28 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).