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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Solis Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**SOLIS HOLDINGS LIMITED**  
**守益控股有限公司**

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

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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, 10 August 2022

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## DEFINITIONS

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*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\$8,100,000 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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“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”	5 August 2022, 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 18 May 2022 in relation to the grant and exercise of the Option
“Property”	7 Woodlands Industrial Park E1 Singapore 757730
“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

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## DEFINITIONS

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“Vendor” Hong Soon Hung Holdings 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\$5.65 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.*

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## LETTER FROM THE BOARD

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### SOLIS HOLDINGS LIMITED 守益控股有限公司

*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. 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:*

Room 1302, 13/F.,  
Perfect Commercial Building,  
No. 20 Austin Avenue,  
Tsim Sha Tsui,  
Kowloon,  
Hong Kong

10 August 2022

*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 18 May 2022 (the “Announcement”). On 18 May 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, accepted and exercised the Option granted by the Vendor under the Option Agreement, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property at a consideration of S\$8,100,000, subject to the terms and conditions of the Option Agreement.

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## LETTER FROM THE BOARD

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### THE ACQUISITION

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

Date: 18 May 2022

Parties: (1) Sing Moh Electrical Engineering Pte Ltd, as Purchaser; and  
(2) Hong Soon Hung Holdings 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 owners, Mr. Nai Soo Tong and Mr. Nai Ze Song, 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 5 May 2022 and the date of exercise of the Option is 18 May 2022. 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 7 Woodlands Industrial Park E1 Singapore 757730. The Property comprises of four-storey intermediate terrace factory and dormitory facilities, with a total area of approximately 928.2 square metres. The use of the Property shall be 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 with vacant possession on an "as-is" basis and free from all encumbrances. Currently, level 1 of the Property with a floor area of 306.6 square metres is leased to an Independent Third Party for a monthly rent of S\$5,120 until 30 November 2022. Upon negotiation with the Vendor and the tenant, the Company agreed to a novation of the tenancy agreement with the Vendor and the tenant based on the same terms and conditions of the existing tenancy agreement, including the monthly rent and the lease term. The remaining area of the Property will be delivered with vacant possession at Completion.

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## LETTER FROM THE BOARD

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### Consideration

The Consideration for the Acquisition is S\$8,100,000, which has been/will be settled in the following manners:

- (a) S\$81,000 was paid by the Purchaser to the Vendor at the time of granting the Option to the Purchaser;
- (b) S\$324,000 was paid by the Purchaser to the Vendor as deposit upon the exercise and acceptance of the Option on 18 May 2022; and
- (c) S\$7,695,000, 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\$8,100,000 as at 17 May 2022 carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, the 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 18 May 2022 (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 new 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 "New Project"). With the inclusion of the New Project, the Group's order book is currently more than S\$150 million, which is expected to significantly enhance the Group's revenue stream in the coming few years. The New Project started in April 2022 and is expected to complete by the end of 2026. The New Project is now at planning and preparation phase, which includes site preparations, manpower resources, material and equipment planning in order to meet the planned schedule. It is expected that the Group will hire over 100 foreign workers to carry out the supply and installation of electrical systems for the New Project. As the Property can be used directly as workers' dormitory, save for expenses relating to purchase of necessary



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## LETTER FROM THE BOARD

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furniture and fittings for the improvement of foreign workers' welfare, there will be no significant renovation or changes made to the Property. After completion of the New Project, the Property will continue to be used as the Group's warehouse and dormitory.

As at the Latest Practicable Date, apart from 85 Tagore Lane Singapore 787527 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 New Project and continued business growth of the Group. 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. It is also easier for the Group to provide and manage good quality living conditions for foreign workers in a self-owned property and to prevent foreign workers from potential exposure to COVID-19. 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.

### INFORMATION OF THE VENDOR

The Vendor is a company incorporated in Singapore with limited liability which is principally engaged in general wholesale trade and rental of properties.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, Mr. Nai Soo Tong and Mr. Nai Ze Song, are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### 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 2020 and 2021 amounted to approximately S\$46,000 (equivalent to approximately HK\$260,000) and approximately S\$61,000 (equivalent to approximately HK\$347,000) respectively.

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## LETTER FROM THE BOARD

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### **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\$5.7 million, with an increase in property, plant and equipment of approximately S\$8.4 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\$2.7 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\$5.7 million, the total liabilities of the Group are expected to increase by approximately S\$5.7 million. As at the Latest Practicable Date, the mortgage loan taken out by the Purchaser to finance the Acquisition is secured by first legal mortgage over the Property, an existing first legal mortgage over 85 Tagore Lane Singapore 787527, an existing letter of charge and set-off in relation to fixed deposits registered with the bank and existing corporate guarantee by the Company. 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.

### **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 75%, 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 and holds 90% of its total issued shares. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

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## LETTER FROM THE BOARD

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### 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 ordinary resolution 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 2019, 2020 and 2021 were disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website ([www.TheSolisGrp.com](http://www.TheSolisGrp.com)):

- (a) annual report of the Company for the year ended 31 December 2019 published on 29 April 2020 (pages 67 to 137)(available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042900091.pdf>);
- (b) 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>) ; and
- (c) 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>).

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 June 2022, 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 2022, the Group's approved banking credit facilities are approximately S\$13,311,000 with approximately S\$6,839,000 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\$13,436,000;
- (ii) pledges over certain of the Group's fixed deposits with a net carrying amount of approximately S\$1,711,000, and bears interest at a range of 0.10%-0.26% per annum; and
- (iii) corporate guarantee provided by the Company.

**(b) Lease liabilities**

As at 30 June 2022, the Group had lease liabilities of approximately S\$470,000.

**(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 2022, 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 2022.

**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. Ongoing border restrictions caused by COVID-19 has led to substantial labour shortages. While border restrictions have been relaxed, foreign workers have to serve a quarantine period, undergo regular COVID-19 testing and practice social distancing measures on construction sites, which led to a general decrease in productivity and increase in costs. Further, there has been a decrease in the profit margin for newly awarded projects, mainly due to the increase in potential construction cost, labour shortages and the implementation of COVID-19 safe management measures imposed by relevant authorities.

For the year ended 31 December 2021, the Group’s revenue increased by approximately 102.8% to approximately S\$14.6 million as compared to approximately S\$7.2 million recorded in the last financial year. The increase in revenue was mainly attributable to more construction activities performed during the year as compared with corresponding year which included one-month lockdown and Circuit Breaker measures due to the COVID-19 pandemic. Our gross profit increased by approximately S\$3 million, from a gross loss of approximately S\$34,000 for the year ended 31 December 2020 to a gross profit of approximately S\$3 million for the year ended 31 December 2021. As at 31 December 2021, the Group had cash and bank balances of approximately S\$14.0 million and available unutilised banking facilities of approximately S\$4.8 million, and the Group had no interest-bearing borrowings. The Group’s current ratio was approximately 3.8 times and gearing ratio was Nil%.

As at 31 December 2021, 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, bank facilities, and net proceeds from the share offer.

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\$1.0 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 2021, the Group had a total of 142 employees, including executive Directors. Total staff costs (including Directors' emoluments) were approximately S\$5.6 million for the year ended 31 December 2021. The Group's employees are remunerated according to their job scope, responsibilities, and performance. They are also entitled to discretionary bonuses depending on their 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.

During the year ended 31 December 2021, the Group has secured three newly awarded projects with an aggregate contract value of approximately S\$35 million. 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 new 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 "New Project"). With the inclusion of the New Project, the Group's order book is currently more than S\$150 million, which is expected to significantly enhance the Group's revenue steam in the coming few years.

While waiting for the market to return to normality, the management will make continuous effort to consolidate and strengthen the reputation of the Group through direct and regular contacts with main contractors in the construction industry to keep the Group abreast of market development and will continue to leverage its resources to improve the profitability and simultaneously take prudent measures to control the operating costs.

#### **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 2021, the date to which the latest published audited financial statements of the Group were made up.

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## APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

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### 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 2019, 2020 and 2021 and six months ended 30 June 2022 (the “**Relevant Period**”).

As at the Latest Practicable Date, the Vendor has leased out a floor area of 306.6 square metres on level 1 of 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 with vacant possession on an “as-is” basis and free from all encumbrances, and the Acquisition is not intended to be subject to tenancy. Currently, level 1 of the Property with a floor area of 306.6 square metres is leased to an Independent Third Party for a monthly rent of S\$5,120 until 30 November 2022. Upon negotiation with the Vendor and the tenant, the Company agreed to a novation of the tenancy agreement with the Vendor and the tenant based on the same terms and conditions of the existing tenancy agreement, including the monthly rent and the lease term. For avoidance of doubt, the remaining area of the Property will be delivered with vacant possession at Completion;
- (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



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## APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

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- (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.

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 waiver 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.

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## APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY

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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			Six months
	2021	2020	2019	ended
	S\$'000	S\$'000	S\$'000	30 June 2022
	(approximately)	(approximately)		(approximately)
Gross Rental				
Income	61	46	–	31

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 1 April 2020 to 30 November 2022, there was no gross rental income recorded for the year ended 31 December 2019.
3. Based on the Tenancy Agreement and taking into account of the novation of the Tenancy Agreement, the total gross rental income of the Property for the period from 1 January 2022 up to 30 November 2022 is approximately S\$56,000.
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) Obtain 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.

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**APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTY**

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- (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 2021 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 2021 as if the Acquisition had been completed on 31 December 2021.

The Unaudited Pro Forma Financial Information of the Group is based upon the consolidated financial information of the Group for year ended 31 December 2021, which has been derived from the Company’s published annual report for the year then ended, dated 30 March 2022, 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 2021 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 2021**

	<b>Audited consolidated statement of assets and liabilities of the Group as at 31 December 2021</b>	<b>Pro forma adjustments</b>		<b>Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2021</b>
	<i>S\$'000</i> <i>(Note 1)</i>	<i>S\$'000</i> <i>(Note 2)</i>	<i>S\$'000</i> <i>(Note 3)</i>	<i>S\$'000</i>
<b>Non-current assets</b>				
Property, plant and equipment	14,451	8,100	257	22,808
Intangible assets	248			248
Financial assets at fair value through other comprehensive income	9,641			9,641
Financial asset at fair value through profit or loss	4,326			4,326
<b>Total non-current assets</b>	28,666			37,023
<b>Current assets</b>				
Trade receivables	905			905
Other receivables, deposits and prepayments	332			332
Contract assets	3,020			3,020
Inventories	119			119
Financial assets at fair value through other comprehensive income	247			247
Pledged fixed deposit	211			211
Cash and cash equivalents	13,955	(2,430)	(257)	11,268
	18,789			16,102
Non-current asset held for sale	9,044			9,044
<b>Total current assets</b>	27,833			25,146
<b>Total assets</b>	56,499			62,169

**APPENDIX III      UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES**

	<b>Audited consolidated statement of assets and liabilities of the Group as at 31 December 2021 S\$'000 (Note 1)</b>	<b>Pro forma adjustments S\$'000      S\$'000 (Note 2)      (Note 3)</b>		<b>Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2021 S\$'000</b>
<b>Non-current liabilities</b>				
Bank borrowings	–	5,670	–	5,670
Deferred tax liabilities	<u>229</u>			<u>229</u>
	<u>229</u>			<u>5,899</u>
<b>Current liabilities</b>				
Trade payables and trade accruals	1,660			1,660
Other payables and accrued expenses	4,069			4,069
Contract liabilities	<u>1,688</u>			<u>1,688</u>
<b>Total current liabilities</b>	<u>7,417</u>			<u>7,417</u>
<b>Total liabilities</b>	7,646			13,316
<b>Net assets</b>	48,853			48,853
<b>Equity and reserves</b>				
Share capital	1,585			1,585
Share premium	34,440			34,440
Retained earnings	1,634			1,634
Reserves	<u>11,197</u>			<u>11,197</u>
<b>Equity attributable to owners of the Company</b>	48,856			48,856
Non-controlling interest	<u>(3)</u>			<u>(3)</u>
<b>Total equity</b>	<u><u>48,853</u></u>			<u><u>48,853</u></u>

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**APPENDIX III      UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES**

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**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 2021, which has been derived from the Group's published annual report for the year then ended, dated 30 March 2022.
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\$2,430,000) and all direct expenses (approximately S\$257,000) by internal resources and 70% of the consideration (S\$5,670,000) by a mortgage bank loan.
3. The direct expenses in relation to the Acquisition comprise: (i) transaction costs and related taxes amounting to approximately S\$238,000 and (ii) professional fee directly attributable to the Acquisition amounting to approximately S\$19,000.

	<i>Notes</i>	S\$
Transaction costs and related taxes	<i>i</i>	238,000
Professional fees	<i>ii</i>	<u>19,000</u>
		<u><u>257,000</u></u>

*Note i:*

The amount represents estimated transaction costs of approximately S\$238,000 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\$19,000 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 2021 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.



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

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 2021 and related notes as set out on pages III-1 to III-4 of Appendix III to the circular issued by the Company dated 10 August 2022 (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 2021 as if the Acquisition had taken place at 31 December 2021. 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 2021.

**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 Control**

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.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and 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 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

10 August 2022

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Singapore 018961  
+65 6223 2323



Colliers International Consultancy & Valuation (Singapore) Pte Ltd  
UEN No. 198105965E

10 August 2022

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

Dear Sirs,

In accordance with your instructions to value the property interests held by Solis Holdings Limited and Sing Moh Electrical Engineering Pte Ltd in Singapore, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 17 May 2022 (the “valuation date”).

Our valuation is done on a market value basis. Market value is defined as “the estimated amount for which an asset should exchange on the date of valuation 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”.

We have valued the property interests which are for proposed acquisition by the Group by using direct comparison method assuming sale of the property interests in their existing state, subject to the existing tenancies and occupancy arrangement. We have made reference to comparable sales transactions as available in the relevant market to carry out our assessment.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; 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.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as the existing leases and occupancy arrangements and other relevant matters.

We have carried out the title searches relating to the Properties with the Land Title Registry. We have reported the information with regards to the ownership, tenure, area and all encumbrances, if any, in our reports. However, we do not interpret nor ascertain the security of the ownership or legal interest in the Properties belonging to the client.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are surveyed. No on-site measurement has been taken.

We have inspected the exterior and interior of the properties where possible, However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any items of disrepair which we regard as serious, we are not, however, able to give any assurance that the Properties are free of rot, infestation or any other structural defect.

The valuation has been prepared by Mr Kenneth Tan and reviewed by Mr Yee Yeh Shiunn. Mr Yee Yeh Shiunn is a Singapore Licensed Appraiser and member of Singapore Institute of Surveyor and Valuer who has 30 years' experience in the valuation of properties in Singapore.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (S\$). Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,

For and on behalf of

**Colliers International Consultancy & Valuation (Singapore) Pte Ltd**

**Yee Yeh Shiunn**

B.Sc (Hons) Land Management, MSISV, MRICS

Licensed Appraiser No. AD041-2006553D

Executive Director

Valuation and Advisory Services

*Note: Yee Yeh Shiunn is a Singapore Licensed Appraiser and member of Singapore Institute of Surveyor and Valuer who has 30 years' experience in the valuation of properties in Singapore*

## Summary Of Values

No.	Property	Aggregate Market Value in existing state as at 17 May 2022 S\$
1	7 Woodlands Industrial Park E1 Singapore 757730	<u>8,100,000</u>
<b>Sub-Total:</b>		<b><u><u>8,100,000</u></u></b>

## Valuation Certificate

## Property to be acquired by the Group for Owner Occupation in Singapore

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 17 May 2022 S\$				
1	7 Woodlands Industrial Park E1 Singapore 757730 (the "Property")	<p>The Property comprises a 4-storey intermediate terrace factory with temporary dormitory facilities located within Admiralty Industrial Park.</p> <p>The subject development was completed circa late 1990s.</p> <p>The Property is held under leasehold for 60 years commencing from 9 January 1995.</p> <p>The legal description of the Property is designated as Lot 3526T of Mukim 13.</p> <p>The land and floor areas of the Property are as follows:</p> <table border="1"> <thead> <tr> <th>Land Area (sq.m.)</th> <th>Floor Area* (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>982.2</td> <td>2,252</td> </tr> </tbody> </table> <p><i>Note:</i> Floor Area excludes additional guardhouse area and partitioned office/store at the front carpark area, mezzanine store/ office space, and open shed at backyard.</p>	Land Area (sq.m.)	Floor Area* (sq.m.)	982.2	2,252	<p>The Property was part tenanted and part owner-occupied as at the date of our inspection on 17 May 2022.</p> <p>A floor area of 306.6sq.m. (3,300sq.ft.) on level 1 of the Property was tenanted for a period of two years and eight months commencing on 1 April 2020, and expiring on 30 November 2022, for a monthly rent of S\$5,120/-.</p> <p>The remainder of the Property, comprising the remainder of level 1, and all of levels 2-4 was owner-occupied.</p>	S\$8,100,000/-
Land Area (sq.m.)	Floor Area* (sq.m.)							
982.2	2,252							

*Notes:*

- The Property is located along Woodlands Industrial Park E1. and approximately 23 km from the city centre at Collyer Quay.

The immediate vicinity, Senoko Industrial area comprises a mixture of standard and purposes-built factories. Other prominent developments nearby include Woodlands E-Terrace, Woodlands Bizhub, Woodlands Autohub, E9 Premium, Harvest @ Woodlands, Nordix, North Coast Industrial Park, JTC 1 and 7 North Coast, amongst many others and the Woodlands New Town is towards the south of the subject development. Labour pool is readily available in Woodlands New Town and from adjacent Malaysia.

Vehicular access is enhanced by its close proximity to the Kranji/Bukit Timah/Seletar Expressways and other main trunk roads like Woodlands Road, Admiralty Road West and Sembawang Road. In addition, the Admiralty MRT Station is located about 2.1 km from the subject development and the Woodlands North MRT Station is also located in the vicinity.

2. The registered proprietor(s) of the Property is Hong Soon Hung Holdings Pte Ltd.
3. The subject site of the property is zoned as “Business 2 with a plot ratio of 2.5” in accordance to the Master Plan Zoning (2019 Edition).
4. Pursuant to the title search record, there is no encumbrance on the Property.
5. Our valuation has been made on Direct Comparison Method.

#### Direct Comparison Method

In arriving at our opinion of the market value of the Property, our valuation is based on transactions of comparable properties in the vicinity.

Property Address	Land Area (sq.m. / sq.ft.)	Approx Flr Area (sq.m. / sq.ft.)	Tenure	Consideration (S\$)	Date of Sale
9 Woodlands Industrial Park E1	921 / 9,914	2,220 / 23,900	60 years from 9/1/1995	S\$8,000,000/- (S\$335 psf)	28 Apr 2022
32 Woodlands Industrial Park E1	531 / 5,716	1,287 / 13,850	60 years from 9/1/1995	S\$5,000,000/- (S\$361 psf)	13 Sep 2021
10 Woodlands Industrial Park E1	454 / 4,887	1,180 / 12,700	60 years from 9/1/1995	S\$4,320,000/- (S\$340 psf)	20 May 2021
2 Woodlands Industrial Park E1	1,066 / 11,474	2,044 / 22,000	60 years from 9/1/1995	S\$9,800,000/- (S\$445 psf)	11 Mar 2021

Source: *URA Realis*

In arriving at our valuation figure, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the Property. These selected comparables<sup>1</sup> are strata titled industrial units located along Woodlands Industrial Park E1 which were transacted between 2021 and 2022. The comparables are located within development zoned Business 1 use. The adjusted unit rate of the comparables range from S\$335/sq.ft. to S\$445/sq.ft. on floor area. We have taken into consideration of the prevailing market conditions and making due adjustments for differences between the Property and the comparables in terms of size, dates of transactions and other factors affecting its value to arrive at an aggregate unit rate of S\$334/sq.ft on floor area.

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

<sup>1</sup> The list of comparables adopted in the valuation is 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	Family interests	Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued voting shares
Mr. Tay Yong Hua <sup>Note 1</sup>	20,000,000	–	529,792,000	549,792,000	–	549,792,000	60.05%
Mr. Kenneth Teo Swee Cheng (Kenneth Zhang Ruiqing) <sup>Note 2</sup>	–	–	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	–	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 <sup>Note 1</sup>	Beneficial owner	529,792,000	57.86%
Mr. Tay Yong Meng <sup>Note 2</sup>	Interest in a controlled corporation	529,792,000	57.86%
Ms. Lim Sim Swee ("Mrs. Tay") <sup>Note 3</sup>	Deem interest by virtue of interest held by spouse	549,792,000	60.05%
Mr. Zheng Ming Qiang ("Mr. Zheng") <sup>Note 4</sup>	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 2021 (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 CONSENTS 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
Colliers International Consultancy & Valuation (Singapore) 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 2021, 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 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. The property has been used as the Group's office, warehouse and dormitory. As the purchaser

and its ultimate beneficial owner, Mr. Yan Chunlei, are third parties independent of the Company and its connected persons (as defined under the Listing Rules), there was no consideration passed to or from any member of the Group; and

- (c) The option agreement entered into between Sing Moh 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. The property has been used as the Group's office, warehouse and dormitory. As the purchaser and its ultimate beneficial owner, Mr. Wang Mouying, are third parties independent of the Company and connected persons of the Company (as defined under the Listing Rules), there was no consideration passed to or from any member of the Group.

## 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 Room 1302, 13/F., Perfect Commercial Building No. 20 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited located at Room 2103B, 21F., 148 Electric Road, North Point, Hong Kong.
- (e) The company secretary of the Company is Mr. Lee Kwok Lun, who is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (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 Colliers International Consultancy & Valuation (Singapore) 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.