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Suoxinda Holdings Limited

索信达控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3680)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus (the “**Prospectus**”) issued by Suoxinda Holdings Limited (the “**Company**”) dated 28 November 2019 in relation to the share offer (the “**Share Offer**”) and listing of the Company’s shares on The Stock Exchange of Hong Kong Limited, the announcement of the Company dated 2 December 2020 in relation to the change in use of proceeds (the “**2020 Change in Use of Proceeds Announcement**”), the announcements of the Company dated 9 December 2020 and 11 December 2020 in relation to the acquisition of equity interest in Shenzhen Yinxing Intelligent Data Co., Ltd. (深圳銀興智能數據有限公司) (“**Shenzhen Yinxing**”) (the “**2020 Acquisition Announcements**”), and the interim report of the Company for the six months ended 30 June 2021 published on 29 September 2021 (the “**2021 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the 2021 Interim Report, aggregate net proceeds raised by the Company from the Share Offer were approximately HK\$104.0 million after deduction of listing expenses (the “**Net Proceeds**”). As at 30 November 2021, the unutilized Net Proceeds amounted to approximately HK\$19.2 million (the “**Unutilized Net Proceeds**”). The Board has resolved to change the use of the Unutilized Net Proceeds as follows:

Business objectives	Allocation of the Net Proceeds as disclosed in the Prospectus		Utilized Net Proceeds as at 30 November 2021	Unutilized Net Proceeds as at 30 November 2021	Revised allocation of the Unutilized Net Proceeds
	% of Net Proceeds	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
Strengthening and expansion of our data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain employees	20%	20.8	20.8	—	—
Enhancement of sales and marketing efforts including corporate branding activities (<i>Note</i>)	20%	20.8	18.6	2.2	2.2
Development of the financial AI laboratory, the display centre and office facilities (<i>Note</i>)	35%	36.4	32.9	3.5	3.5
Potential strategic acquisition to supplement the organic growth (<i>Note</i>)	15%	15.6	2.1	13.5	4.5
Working capital and other general corporate purposes	10%	10.4	10.4	—	9.0
Total	100%	104.0	84.8	19.2	19.2

Note: as disclosed in the 2021 Interim Report, the proposed timetable for using the Unutilized Net Proceeds for the relevant business objectives was on or before 31 December 2021.

For the reasons set out below, proposed timetable for using all the Unutilized Net Proceeds as set out above are extended to on or before 31 December 2022.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As at 30 November 2021, the Unutilized Net Proceeds for potential strategic acquisition was approximately HK\$13.5 million. In the past, the Group has actively but selectively pursued strategic acquisition opportunities to enhance the long-term growth of the Group and the return to the Shareholders. As disclosed in the 2020 Acquisition Announcements, the Company has acquired 56% equity interest in Shenzhen Yinxing, a company which focuses on providing enterprise customers with specialised information technology services with Hadoop-based big data platform in December 2020. As at the date of this announcement, despite the Group's efforts, it has yet to identify new suitable targets for acquisition that the Board considers to be beneficial to the Group and its shareholders as a whole.

To enhance the efficiency in capital use, the Board has resolved to re-allocate approximately HK\$9.0 million (the “**Re-allocated Proceeds**”) for potential strategic acquisition to supplement the Group's working capital and for general corporate purpose. The Board is of the view that such re-allocation will enable the Group to have a higher degree of flexibility in cash flow management, allowing it to have more financial resources at its disposal. As disclosed in 2021 Interim Report, the Group has achieved significant business growth during the first half year of 2021. The number of the Group's employees increased from 704 as at 31 December 2020 to 965 as at 30 November 2021. The Group intends to apply the Re-allocated Proceeds during the year ending 31 December 2022 primarily to (i) make purchases from the Group's suppliers; and (ii) pay additional operating expense resulting from the increase in the number of employees. As such, the Board believes the re-allocation allows the Group to effectively apply its available funds to meeting its operational needs and is in line with the current business needs of the Group.

After the re-allocation, approximately HK\$4.5 million will be retained for acquisition purposes. It is still the Group's plan to achieve long-term growth of its business through potential strategic acquisition opportunities and the Group will continue to search for suitable acquisition targets. Further, the proposed timetable for using the Unutilized Net Proceeds for potential strategic acquisition is extended from 31 December 2021 to 31 December 2022. The Board is of the view that such timetable is a more realistic timeline under the current circumstances considering additional time is needed for the Group to search for potential strategic acquisition opportunities.

The proposed timetable for using the Unutilized Net Proceeds for enhancement of sales and marketing efforts and for development of the financial AI laboratory, the display centre and office facilities are also extended to 31 December 2022. That is primarily because (i) the Group reduced its branding activities for the period from April to November 2021, as the trading in the shares of the Company was suspended during such period; and (ii) as disclosed in the 2020 Change in Use of Proceeds Announcement, the Company originally intended to develop the financial AI laboratory, the display centre and office facilities in the Haina Property in Shenzhen. However, as one of the conditions precedent for the completion of acquisition of the Haina Property could not be fulfilled, the Company terminated the acquisition of the Haina Property with the relevant seller on 2 December 2020. Subsequently, the Company identified another location in Yantian District, Shenzhen as premises for developing financial AI laboratory, and the relevant development costs involved were lower in comparison with the Haina Property. The Group will continue to use the Unutilized Net Proceeds for the respective business objectives during the year ending 31 December 2022.

The Board is of the view that the aforesaid re-allocation and the extension of timetable for using the Unutilized Net Proceeds will be favourable to the Group's long term business development and will represent a more appropriate utilisation of the Unutilized Net Proceeds in light of the above reasons. The Board further confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considers the change in use of the Unutilized Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Group and the shareholders as a whole.

By Order of the Board
Suoxinda Holdings Limited
Song Hongtao
Chairman of the Board

Hong Kong, 24 December 2021

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Song Hongtao, Mr. Wu Fu-Shea, Mr. Wu Xiaohua, Mr. Lam Chun Hung Stanley and Ms. Wang Jing; and three independent non-executive Directors, namely Mr. Tu Xinchun, Ms. Zhang Yahan and Prof. Qiao Zhonghua.