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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 OF AUDITOR

Financial adviser to the Company



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

This announcement is made by the board of directors (the “**Board**”) of Suoxinda Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcements of the Company dated 30 March 2021, 31 March 2021, 1 April 2021, 15 April 2021 and 26 May 2021 (the “**Announcements**”) in relation to, among others, (i) the delay in publication of the 2020 Annual Results; (ii) the suspension of trading in shares of the Company with effect from 9:00 a.m. on 1 April 2021; and (iii) the Resumption Guidance. Capitalised terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated herein.

RESIGNATION OF AUDITOR

The Board hereby announces that PricewaterhouseCoopers (“**PwC**”) has resigned as auditor of the Company with effect from 24 June 2021.

As mentioned in the Company’s announcement dated 30 March 2021 (the “**Previous Announcement**”), the publication of the 2020 Annual Results would be delayed as additional time is required to obtain further information and supporting documents as requested by PwC in connection with the Company’s payment of HK\$8 million service fees to a

service provider (the “**Service Provider**”) pursuant to a consultancy services agreement (the “**Agreement**”) entered into between the Company and the Service Provider (the “**Transaction**”).

Since the issuance of the Previous Announcement, the Company has established an independent board committee (the “**IBC**”) and subsequently engaged an independent professional advisor (the “**Investigation Firm**”) to conduct an independent investigation on the Transaction (the “**Investigation**”) to address the issues raised by PwC. As at the date of this announcement, the Investigation is ongoing. At the same time, the Board believes that it is in the best interest of the Company and its shareholders to proceed and complete the audit of the consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Audit**”) and to apply for the resumption of trading in the Company’s shares on the Stock Exchange as soon as possible. Accordingly, the Board has requested, in its letter to PwC dated 18 June 2021, PwC to complete the 2020 Audit and issue its audit opinion by 30 June 2021. Otherwise, the Board would like PwC to consider resigning as auditor such that the Company could make alternative arrangement to publish the 2020 Annual Results as soon as possible.

After being informed of the above, as PwC considered that they were not able to obtain all information nor satisfactory explanations in connection with the Transaction and given the Investigation was still ongoing, they were unable to determine and perform the necessary additional audit procedures which they believed were necessary to complete the 2020 Audit. PwC was therefore not in a position to commit to the timetable for the 2020 Audit. After due and careful consideration, PwC agreed to resign as the auditor of the Company with effect from 24 June 2021.

According to PwC’s letter of resignation dated 24 June 2021 (the “**Resignation Letter**”), PwC has raised the following observations and issues about the Transaction, which also represent the matters PwC considers should be brought to the attention of the Company’s shareholders and creditors¹:

- The Company completed its Initial Public Offering (“**IPO**”) with its shares listed on the Stock Exchange on 13 December 2019. On 15 December 2019, the Company entered into the Agreement. According to the Agreement, the Service Provider agreed to provide consultancy services for a period of four years for general advice on capital market matters from 1 January 2020 to 31 December 2023. Full payment for the agreed services was made to the Service Provider on 13 January 2020. Furthermore, PwC noticed that the consultancy service fee paid in advance is non-refundable according to the Agreement. PwC has requested the management of the Company to provide supporting documents for the delivery of services by the Service Provider but only very limited information has been provided up to the date of the Resignation Letter. PwC has also been informed by the Company’s management that the services provided

¹ The followings are extracted and/or summarised from the Resignation Letter, the contents of which are not verified or represented by the Board.

or to be provided by the Service Provider could cover services that are outside of the scope as detailed in the Agreement and very limited information in respect of the nature and details of these services rendered has been provided by the Company's management to substantiate such representation.

- PwC requested the Company's management to provide further explanation, information and documentation regarding the Transaction, including (i) details of background of the Service Provider, its role and involvement in the IPO, if any, and its relationship with the Group, its shareholders and the management; (ii) commercial substance and business rationale regarding the Transaction; (iii) details of due diligence, service procurement and vendor selection procedures, internal controls and approval procedures conducted and proposals/materials considered before the Company engaged with the Service Provider; (iv) whether the level of service fees and payment terms are comparable to the market; (v) whether the payment to the Service Provider represents listing expenses, if not, whether such payment represents use of the Group's IPO proceeds and whether it is in accordance with the planned use of proceeds as stated in the IPO prospectus of the Company; and (vi) details and supporting documents in respect of the services provided by the Service Provider to the Company.
- With regards to the Investigation, through the various discussions and communications with the Company, PwC has suggested that the scope of the Investigation should also cover transactions with heightened risk features, such as those transactions solely approved by the chairman of the Board, carried out in Hong Kong and not being considered as part of the ordinary course of business of the Group.

The Board and the IBC noted the above observations and issues about the Transaction as raised by PwC in the Resignation Letter. The IBC is currently considering the suggestion of PwC on the Investigation scope and will work closely with the New Auditor (as defined below) and the Investigation Firm to issue the investigation findings and address any audit issues.

The Board would like to take this opportunity to express its gratitude and appreciation to PwC for its professional services rendered to the Company during its tenure.

APPOINTMENT OF AUDITOR

The Board further announces that, with the recommendation from the audit committee of the Company (the "**Audit Committee**"), the Board has resolved to appoint ZHONGHUI ANDA CPA Limited as the new auditor of the Company (the "**New Auditor**") with effect from 28 June 2021 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

Pursuant to Article 155 of the Articles of Association of the Company, the Board has power to fill the casual vacancy if the office of auditor becomes vacant by resignation. Therefore, no shareholders' approval is required for the appointment of the New Auditor.

Other than the matters disclosed in the Previous Announcement and as disclosed above, the Board and the Audit Committee confirmed that there are no other matters or circumstances in relation to the change of auditor which should be brought to the attention of the shareholders or creditors of the Company.

The Board would like to take this opportunity to express its warm welcome to the New Auditor on its appointment as the auditor of the Company.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice pending fulfillment of the Resumption Guidance.

The Board would like to emphasize that the operation of the Group remains normal. The Company will publish further announcement(s) and quarterly updates to keep the Company's shareholders and potential investors informed of any significant developments and expected dates in relation to the publication of the 2020 Annual Results as well as other updates and development of the Company as and when appropriate pursuant to Rule 13.24A of the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Song Hongtao, 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 Dr. Qiao Zhonghua.