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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement (the “**Announcement**”) of Suoxinda Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 9 December 2020 in relation to the acquisition of 56% equity interest in Shenzhen Yinxing Intelligent Data Co., Ltd.* (深圳銀興智能數據有限公司) (“**Shenzhen Yinxing**”) and the annual report for the year ended 31 December 2021 of the Company which was published on 27 April 2022 (the “**Annual Report**”). Unless otherwise stated, capitalised terms used in this announcement have the same meanings as defined in the Announcement and the Annual Report.

This announcement is made to provide supplemental information to the Annual Report in relation to the performance guarantees provided by the Vendors regarding the financial performance of Shenzhen Yinxing.

PERFORMANCE GUARANTEES

FY2021 Performance Targets

Pursuant to the Equity Transfer Agreement, the Vendors warranted and guaranteed to the Company that Shenzhen Yinxing shall meet certain performance guarantees, including its revenue and net profit for the year ended 31 December 2021 (the “**FY2021**”) shall reach RMB50.0 million and RMB5.0 million, respectively (the “**FY2021 Performance Targets**”). The Vendors shall make cash compensation to the Company if Shenzhen Yinxing fails to achieve the FY2021 Performance Targets. As disclosed in the Announcement, whether Shenzhen Yinxing has attained the performance targets shall be determined based on the audited accounts of Shenzhen Yinxing, which shall be prepared and released within 90 days after the end of the relevant financial year in accordance with the Equity Transfer Agreement.

Based on the audited accounts of Shenzhen Yinxing for FY2021 which was prepared in accordance with the PRC accounting standards, Shenzhen Yinxing's revenue and net profit for FY2021 were approximately RMB87.9 million and RMB5.5 million, respectively. Accordingly, Shenzhen Yinxing has met the FY2021 Performance Targets and the Company did not seek financial compensation from the Vendors.

FY2020 Performance Targets

As disclosed in the Announcement, during the period from the completion of the transfer of 56% equity interest of Shenzhen Yinxing until 31 December 2020, if Shenzhen Yinxing's revenue is less than RMB15.0 million or the net profit is less than RMB1.5 million (the "FY2020 Performance Targets"), then the Company has the right to adjust the valuation of Shenzhen Yinxing as follows, and the Vendors shall return the excess consideration received as a result of the adjusted valuation of Shenzhen Yinxing:

$$\text{Adjusted valuation of Shenzhen Yinxing} = \text{RMB31,250,000} \times \frac{\text{Actual revenue of Shenzhen Yinxing for the financial year ended 31 December 2020 (the "FY2020")}}{\text{RMB45 million (being the estimated revenue of Shenzhen Yinxing for FY2020)}}$$

Based on the audited financial statement of Shenzhen Yinxing during the period from 18 December 2020 (being the completion date of the transfer of 56% equity interest of Shenzhen Yinxing) until 31 December 2020, Shenzhen Yinxing's revenue and profit for the period were approximately RMB15.0 million and RMB1.2 million, respectively. Therefore, Shenzhen Yinxing failed to meet the FY2020 Performance Targets.

However, based on the audited accounts of Shenzhen Yinxing for FY2020, its revenue for FY2020 was approximately RMB49.7 million. In that case, the adjusted valuation of Shenzhen Yinxing as calculated based on the above formula would be higher than the agreed valuation of RMB31,250,000, and no excess consideration would be repaid by the Vendors as a result. Given that the adjustments in the valuation of Shenzhen Yinxing was not beneficial to the Company, the Company decided not to exercise the right of adjusting valuation under the Equity Transfer Agreement.

Based on the foregoing, the Board is of the view that:

- (i) the Vendors have fulfilled their obligations regarding the FY2020 Performance Targets as no adjustment on the valuation of Shenzhen Yinxing would be made; and
- (ii) the decision of the Company not to exercise the right of adjusting valuation under the Equity Transfer Agreement is fair and reasonable and in the interest of the shareholders of the Company as a whole.

The above additional information does not affect other information contained in the Annual Report. Save as disclosed above, all other information in the Annual Report remains unchanged.

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

Hong Kong, 10 August 2022

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Song Hongtao, Dr. Wu Fu-Shea, Mr. Wu Xiaohua and Mr. Chen Zhenping and two independent non-executive Directors, namely, Mr. Tu Xinchun and Dr. Chen Wei.

* *For identification purposes only*