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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)

ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

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The Board is pleased to announce that, on 19 March 2023, the Company (as issuer) entered into the Subscription Agreements with no less than 6 Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers conditionally agreed to subscribe for an aggregate of 175,500,000 Subscription Shares at the Subscription Price of HK\$0.76 per Subscription Share under the Specific Mandate.

The Subscription Shares represent approximately 33.89% of the existing issued share capital of the Company as at the date of this announcement and approximately 25.31% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the Completion Date).

The issue of the Subscription Shares to the Subscribers will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the General Meeting. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE GENERAL MEETING

The General Meeting will be convened and held to consider, and if thought fit, approve the issue of the Subscription Shares to the Subscribers, the grant of the Specific Mandate and the transactions contemplated thereunder. A circular containing, among others, (i) further details of the Subscription, the Specific Mandate and the transactions contemplated thereunder; and (ii) a notice of convening the General Meeting is expected to be despatched to the Shareholders on or before 12 April 2023.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

Save for the number of the Subscription Shares to be subscribed for and the identity of the Subscribers, the terms and conditions of the Subscription Agreements are identical in all material respects. The principal terms of the Subscription Agreements are as follows:

Date: 19 March 2023

Parties to the Subscription Agreements:

- (1) the Company, as the issuer; and
- (2) the Subscribers.

The Subscriptions

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 175,500,000 Subscription Shares at the Subscription Price of HK\$0.76 per Subscription Share on the Completion Date of the Subscription Agreements. The aggregate Total Subscription Price payable shall amount to HK\$133,380,000.

The Subscription Shares

The 175,500,000 Subscription Shares in aggregate represent (i) approximately 33.89% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 25.31% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares will be HK\$1,755,000.

Based on the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on 17 March 2023, being the last trading day immediately prior to the date of the Subscription Agreements (the “**Last Trading Day**”), the market value of the Subscription Shares are HK\$140,400,000. Based on the average closing price of the Shares for the five consecutive trading days immediately preceding the Last Trading Day which is HK\$0.816 per Share, the market value of the Subscription Shares are HK\$143,208,000.

Rights of the Subscription Shares

The Subscription Shares will be fully paid and rank *pari passu* with all other issued Shares in all respects as at the date of issue.

The Subscription Price

The Subscription Price for the Subscription Shares is HK\$0.76 per Share, which represents:

- (i) a discount of approximately 5% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 6.86% to the average of the closing prices of HK\$0.816 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The payment of the Subscription Price

The Total Subscription Price will be paid within 30 calendar days after the date on which the Specific Mandate is granted by the Shareholders.

Conditions precedent

The Completion is conditional upon the fulfilment or waiver of the following conditions:

- (i) the approval by the Shareholders at the General Meeting in respect of the issue of the Subscription Shares, the grant of the Specific Mandate and the transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Subscription Shares;
- (iii) (if applicable) obtaining all necessary approvals from and making all necessary filings with any government, regulatory authority or any other person in connection with the entering into and performing the obligations under the Subscription Agreements by the Company (including but not limited to the issue and allotment of the Subscription Shares);

- (iv) the representations and warranties of the Company under the Subscription Agreements being true, accurate and not misleading in all material respects as at the date of the Subscription Agreements and the Completion Date and the Company having fully performed its obligations under the Subscription Agreements prior to and on the Completion Date; and
- (v) the listing of the Shares of the Company has not been revoked, the Shares continue to be listed on the Stock Exchange (except for any trading halt or suspension pending the publication of any announcement in respect of the Subscriptions).

If the above conditions are not fulfilled or waived (the conditions (i) to (iii) above cannot be waived and the conditions (iv) and (v) can only be waived by the Subscribers only) after 180 days of the date of the Subscription Agreements (or such other date as may be agreed in writing between the Company and the Subscribers), the Subscribers' obligation to subscribe for and the Company's obligation to issue, allot and deliver the Subscription Shares shall terminate and any amounts paid by the Subscribers under the Subscription Agreements shall be refunded to the Subscribers without interest and the Subscription Agreements shall be terminated and lapsed.

Completion

Subject to the fulfilment or waiver (where applicable) of the conditions precedent, the Completion for the Subscription shall take place on the third Business Day (or such other date as the parties thereto may agree in writing) after the date on which (i) the last of the conditions precedent is satisfied or waived (if applicable); and (ii) the payment of the Total Subscription Price is made by the Subscribers (whichever is later).

For the avoidance of doubt, Completion by a Subscriber is not inter-conditional upon Completion by the other Subscribers.

Lock-up undertakings

The Subscribers unconditionally and irrevocably undertake to the Company that:

- (i) the Subscribers shall not, without the prior written consent of the Company, at any time during the period of six (6) months from the Completion Date directly or indirectly, dispose of any Subscription Shares or any interest in any company or entity holding any Subscription Shares in any manner whatsoever or publicly announce any intention or enter into any transaction with the same economic effect, directly or indirectly; and
- (ii) if the Subscribers dispose of any Subscription Shares at any time after a period of six (6) months from the Completion Date, the Subscribers shall ensure that such disposal complies with all applicable laws (including the Listing Rules) and will use its best endeavours that any such disposal will not create a disorderly or false market in the Shares.

THE SPECIFIC MANDATE TO ISSUE THE SPECIFIC MANDATE SUBSCRIPTION SHARES

The issue of the Subscriptions Shares to the Subscribers will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the General Meeting. The issue of the Subscription Shares will be subject to the approval by the Shareholders.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and it is an investment holding company. The Group is principally engaged in the provision of data solutions, sales of hardware and software and related services as an integrated service, and information technology maintenance and support services.

INFORMATION ON THE SUBSCRIBERS

The Subscribers are either individuals or corporation with investment holding as the principal activity. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Subscribers is an Independent Third Party.

THE GENERAL MEETING

The General Meeting will be convened and held to consider, and if thought fit, approve the issue of the Subscription Shares to the Subscribers, the grant of the Specific Mandate and the transactions contemplated thereunder. The Subscribers who are also Shareholders and their associates are required to abstain from voting on the relevant resolutions to approve the proposed allotment and issue of the Subscription Shares to the Subscribers and the transactions contemplated thereunder at the General Meeting to be convened by the Company. Save as disclosed and to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the proposed allotment and issue of the Shares to the Subscribers and the transactions contemplated thereunder, and is required to abstain from voting on the resolutions to approve the aforesaid matters at the General Meeting.

A circular containing, among others, (i) further details of the Subscription, the Specific Mandate and the transactions contemplated thereunder, and (ii) a notice of convening the General Meeting is expected to be despatched to the Shareholders on or before 12 April 2023.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of Subscription Shares:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
Mr. Wang Donglin (<i>Note 1</i>)	70,003,840	13.52%	70,003,840	10.10%
Mr. Chen Zhenping (<i>Note 2</i>)	60,980,000	11.78%	60,980,000	8.79%
Mr. Wu Xiaohua (<i>Note 3</i>)	29,490,000	5.69%	29,490,000	4.25%
Mr. Shi Banchao (<i>Note 4</i>)	22,650,835	4.37%	22,650,835	3.27%
Dr. Wu Fu-shea (<i>Note 5</i>)	11,450,000	2.21%	11,450,000	1.65%
Subscribers	25,046,000	4.84%	200,546,000	28.92%
Other Shareholders (<i>Note 6</i>)	298,247,361	57.59%	298,247,361	43.01%
Total	<u>517,868,036</u>	<u>100%</u>	<u>693,368,036</u>	<u>100%</u>

Notes:

- Mr. Wang Donglin's shareholding in the Company is held through Mindas Touch Global Limited. Mindas Touch Global Limited is wholly owned by 深圳市高盛達旅遊汽車服務有限公司 (Shenzhen Gaoshengda Travelling and Car Services Company Limited), which is wholly owned by Mr. Wang Donglin. Accordingly Mr. Wang Donglin was deemed to be interested in these Shares pursuant to Part XV of the SFO.
- Mr. Chen Zhenping is a non-executive Director.
- Mr. Wu Xiaohua is an executive Director. Mr. Wu Xiaohua's shareholding in the Company is held through Ideal Treasure Holdings Limited, which was wholly owned by Mr. Wu Xiaohua. Accordingly, Mr. Wu Xiaohua was deemed to be interested in these Shares pursuant to Part XV of the SFO.
- Mr. Shi Banchao is an executive Director. The 22,650,835 Shares held by Mr. Shi include 59,835 Restricted Shares granted under the Share Award Scheme.
- Dr. Wu Fu-shea is a non-executive Director and chairman of the Board.
- The number of the Shares held by other Shareholders is calculated by the total issued Shares of the Company (being 517,868,036 Shares immediately before Completion and 693,368,036 Shares immediately after Completion) minus the number of Shares held by the Shareholders named above.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for (i) the subscriptions of new Shares under a general mandate as disclosed in the announcement of the Company dated 15 July 2022, which was terminated on 30 August 2022; (ii) the subscriptions of new Shares under a general mandate (the “**2022 GM Subscription**”) and the subscriptions of new Shares under a specific mandate (the “**2022 SM Subscription**”) as disclosed in the announcement of the Company dated 1 September 2022 (completion of which took place on 17 October 2022 (for the 2022 GM Subscription) and 3 November 2022 (for the 2022 SM Subscription under the specific mandate granted by the Shareholders in the extraordinary general meeting of the Company held on 24 October 2022), respectively); and (iii) the subscriptions of new Shares under a general mandate (the “**2023 GM Subscription**”) as disclosed in the announcement of the Company dated 15 January 2023 (completion of which took place on 22 February 2023), the Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

The details of the fund raised in the 2022 GM Subscription, the 2022 SM Subscription and the 2023 GM Subscription are set out below:

Date of completion announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
17 October 2022 (in respect of the 2022 GM Subscription)	Completion of the subscription of new Shares by 37 general mandate subscribers	In aggregate, approximately HK\$71,995,250	(i) Repayment of the debts of the Group, and (ii) working capital and general corporate purposes	Approximately HK\$51,230,000 for repayment of the debts of the Group and approximately HK\$20,972,000 for working capital and general corporate purposes, aggregately being 100% of the net proceeds raised.
3 November 2022 (in respect of the 2022 SM Subscription)	Completion of the subscription of new Shares by Mr. Shi Banchao and Dr. Wu FuShea	Approximately HK\$31,533,000	Working capital and general corporate purposes	Approximately HK\$23,720,000 for working capital and general corporate purposes. The remaining net proceeds of approximately HK\$7,813,000 will also be used for working capital and general corporate purpose.
22 February 2023 (in respect of the 2023 GM Subscription)	Completion of the subscription of new Shares by no less than 6 general mandate subscribers			

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Directors consider that the issue of the Subscription Shares represents an opportunity to raise additional funds for the Group's general working capital needs. As disclosed in the profit warning announcement of the Company dated 15 March 2023, the Company is expected to record a net loss attributable to owners of the Company for the year ended 31 December 2022. Meanwhile, the Company expects that the PRC economy will recover and rebound in 2023. In light of the above, the Company needs more funds and resources to satisfy the working capital requirements, enhance the financial position, as well as prepare for the market recovery. The investment would also demonstrate the investors' confidence in the overall business and growth potential of the Company.

The gross proceeds of the Subscriptions are expected to be HK\$133,380,000. After deducting related fees and expenses, the net proceeds of the Subscriptions are expected to be approximately HK\$128,845,000, representing a net Subscription Price of approximately HK\$0.734 per Subscription Share. The Company intends to utilise the aforesaid net proceeds from the Subscriptions for working capital and general corporate purposes.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to (i) recent market prices of the Shares and current market condition; and (ii) the financial situation of the Company. The Directors are of the view that the relevant Subscription Agreements (including the Subscription Price) are made on normal commercial terms, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Given that completion of the Subscriptions is subject to conditions and the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday, or other public holidays in Hong Kong, or a day on which a tropical cyclone warning signal numbered 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which licensed banks in the PRC and Hong Kong are open for business
“Company”	Suoxinda Holdings Limited (索信达控股有限公司), 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: 3680)

“Completion”	completion of the Subscriptions
“Completion Date”	the date of Completion of the Subscriptions
“Director(s)”	the director(s) of the Company
“General Meeting”	the general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscriptions, the grant of the Specific Mandate and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	party(ies) which is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules) and not otherwise a connected person of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Restricted Shares”	any Share(s) that may be offered by the Company to any selected participants under the Share Award Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Award Scheme”	the share award scheme adopted by the Company on 8 June 2020

“Specific Mandate”	the specific mandate to be sought from the Shareholders at the General Meeting to grant the authority to the Board for the proposed allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	the Subscribers who have conditionally agreed to subscribe the relevant Subscription Shares under the Subscription Agreement
“Subscription Agreement(s)”	the Subscription Agreement(s) dated 19 March 2023 and entered into between the Company (as issuer) and the Subscribers, each the Subscription Agreement
“Subscription Price”	HK\$0.76 per Subscription Share
“Subscription Shares”	an aggregate of 175,500,000 new Shares to be subscribed by the Subscribers under the Subscription Agreements and to be issued under the Specific Mandate
“Subscriptions”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Total Subscription Price”	the total subscription price for the Shares to be subscribed by each of the Subscribers under each of the Subscription Agreements
“%”	per cent.

By order of the Board
Suoxinda Holdings Limited
Wu Fu-Shea
Chairman of the Board

Hong Kong, 19 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wu Xiaohua and Mr. Shi Banchao, three non-executive Directors, namely, Dr. Wu Fu-Shea, Mr. Chen Zhenping and Ms. Zhao Yue, and three independent non-executive Directors, namely, Dr. Chen Wei, Mr. Yang Haifeng and Ms. Dan Xi.