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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)

PROFIT WARNING

This announcement is made by Suoxinda Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Period**”) and the information currently available to the Board, economic and social activities around the world have been severely affected by COVID-19 since its outbreak in early 2020. As the Chinese government makes proactive response and takes decisive zero-COVID measures against the pandemic, order in various industries has been gradually restored. The Board believes that due to the interruption of social interaction caused by the pandemic, financial institutions will conduct more business via the Internet to reduce the direct contact between clients and business personnel, so as to reduce the risk of virus transmission. In the meantime, the trend of localisation of big data and AI solutions in the financial sector in Mainland China will persist. Therefore, the Group adheres to its strategic positioning as “a provider of big data and AI solutions”. Against the backdrop of the crisis, the Group took a proactive strategy to enter the key regions in Mainland China. However, due to a significant increase in the cost arising from establishing new office premises and hiring new employees, coupled with the continuous impact of the novel coronavirus, the system testing, delivery and training carried out by the Group in various financial institutions in Mainland China have been prolonged to varying degrees, thus pushing up operating costs. In addition, the cost incurred in the application for resumption of trading after an eight-month suspension of the Company also increased one-time expenses.

For the abovementioned reasons, although the Company recorded a growth in revenue during the Period, it is expected to record a net loss attributable to owners of the Company of not less than RMB70 million for the Period, as compared to the net loss of approximately RMB12.7 million for the corresponding period in 2020. The Board believes that the Company’s business will see greater potentials for development in 2022 when

the COVID-19 pandemic will be gradually under control and easing, as it will seize huge opportunities from the localisation of AI and big data solutions in the financial sector in Mainland China, turn the pandemic crisis into an opportunity, strengthen its strategic positioning, optimise internal management, hire more excellent technicians, vie for the market share, and make rational presence. The positive strategy adopted by the Group is based on the strategic layout adopted and investment made in view of the Company's long-term interests in the future. Based on the information currently available, the expected net loss for the Period is mainly attributed to the combined effects of, among others:

- (i) an increase in the cost for the Group to expand new markets and acquire new customers under the impact of the COVID-19 pandemic; a rise in operating cost caused by the prolonged testing, delivery and training of data systems due to the implementation of containment measures;
- (ii) an increase in administrative expenses and staff costs as the Group stepped up efforts on business expansion in key regions in Mainland China, with new offices established and new employees recruited for expansion in Southern, Northern, Eastern and Southwestern China;
- (iii) a growth in legal and professional fees due to one-time expenses paid to advisors and lawyers arising from the application for trading resumption; and
- (iv) a rise in R&D costs and other expenses because of increased investments in product research and development and technology for enhancing capability to develop big-data-in-finance platforms, such as "Link-R" Scenario-wide Regulatory Compliance Platform etc.

The information contained in this announcement is made only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Period and the information currently available to the Board, and has not been reviewed or confirmed by the audit committee of the Board, and has not been audited by the Company's auditor. The data and information contained in this announcement may be subject to adjustments based on updated information. For details of the financial performance of the Group, shareholders of the Company and potential investors are advised to refer to the Company's interim results announcement for the Period. The relevant announcement is expected to be published before the end of March 2022.

Shareholders of the Company and potential investors are advised to 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, 15 March 2022

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. Chen Zhenping and Dr. Mo Keqi; and three independent non-executive Directors, namely, Mr. Tu Xinchun, Ms. Zhang Yahan and Ms. Fan Wenxian.