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Southwest Securities International Securities Limited **西證國際證券股份有限公司***

(Incorporated in Bermuda with limited liability)

(Stock Code: 812)

INSIDE INFORMATION **UPDATE ON FINANCIAL INFORMATION**

This announcement is made by Southwest Securities International Securities Limited (the “**Company**”) 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 Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcement dated 19 July 2016 and the interim report of the Company for the six months ended 30 June 2016 (the “**Interim Period**”). As disclosed in the aforesaid documents, the Company and its subsidiaries (the “**Group**”) had recorded a consolidated net loss for the Interim Period mainly attributable to (i) the Group’s proprietary trading business recorded a loss of approximately HK\$61 million; and (ii) an amount of approximately HK\$8.6 million was accounted for provision for impairment loss of accounts receivable from the Group’s securities margin clients. The purpose of this announcement is to update the aforesaid financial conditions of the Company.

REDUCTION OF LOSS IN PROPRIETARY TRADING BUSINESS

Due to the persistent slowdown of macroeconomic growth in China and the high volatility of stock market, the proprietary trading business of the Company recorded a loss of approximately HK\$61 million during the Interim Period. Nonetheless, the Company has reformed the proprietary trading team and has altered the investment strategies in recent months. The result is positive that the Company has recorded a profit of approximately HK\$58 million during the period from 1 July 2016 to 26 October 2016.

INCREASE OF PROVISION FOR IMPAIRMENT LOSS

As at 30 June 2016, the Group had assessed and evaluated the collectability of accounts receivable from the Group’s securities margin clients, resulting in a provision for impairment loss approximately HK\$8.6 million. Having considered the recent collectability of accounts receivable from the Group’s securities margin clients and the advice from the audit committee of the Company, the Board resolved that the Group would further increase the provision for impairment loss of accounts receivable from the Group’s securities margin clients from approximately HK\$8.6 million to approximately HK\$81 million in October 2016.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2016 and other information currently available to the Company. The information contained in this announcement has not been reviewed nor audited by the auditor of the Company as at the date of this announcement and may be subject to further adjustments.

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
Southwest Securities International Securities Limited
Pu Rui*
Chief Executive Officer

Hong Kong, 28 October 2016

As at the date of this announcement, the executive Directors are Mr. Pu Rui (Chief Executive Officer), Mr. Wu Jian*, Mr. Zhang Chunyong*, Mr. Xu Mingdi* and Ms. Liang Yiqing*; and the independent non-executive Directors are Professor Wu Jun*, Mr. Meng Gaoyuan* and Mr. Guan Wenwei.*

* *For identification purpose only*