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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)

UPDATE ON PROCEEDINGS IN RESPECT OF A DEFAULTED LOAN

Reference is made to the announcement of the Company dated 8 July 2019 (the “**Announcement**”) in respect of commencement of proceedings by Southwest HK Brokerage against Nieumarkt, Mr. Ng and Mr. Lee with respect to the recovery of the Loan advanced by Southwest HK Brokerage as lender to Nieumarkt as borrower. Capitalised terms defined or adopted in the Announcement have the same meaning in this announcement.

Reference is also made to the following announcement and circular jointly made by Nieumarkt and Celebrate:

- an announcement dated 5 December 2017 in respect of, inter alia, a mandatory unconditional cash offer made by Nieumarkt to acquire all issued shares of Celebrate (“**General Offer**”), the Loan and the Deed of Mortgage and Assignment entered into between Nieumarkt and Southwest HK Brokerage dated 24 November 2017 pursuant to which 912,082,400 shares of Celebrate (and any further shares acquired by Nieumarkt under the General Offer) were charged by Nieumarkt as security of the Loan in favour of Southwest HK Brokerage (“**Share Charge**”); and
- a circular dated 27 December 2017 setting out the details of, inter alia, the General Offer, the Loan and the Share Charge.

On 26 November 2019, Southwest HK Brokerage has appointed Cosimo Borrelli and Li Chung Ngai (also known as Anson Li) of Borrelli Walsh Limited to be joint and several receivers of the 991,689,459 shares of Celebrate (representing approximately 64.66% of total issued shares of Celebrate as at the date of this announcement) subject to the Share Charge given by Nieumarkt to Southwest HK Brokerage as security for the Loan. Shortly after their enforcement over the 991,689,459 shares of Celebrate (“**Charged Shares**”) on 24 December 2019, the receivers have, on 27 December 2019, filed with The Stock Exchange of Hong Kong the disclosure of interests notices in respect of their appointment over the Charged Shares. The receivers have also notified Celebrate in respect of their appointment on 27 December 2019 and Celebrate has confirmed receipt of such notification on 30 December 2019. In the meantime, the proceedings against Nieumarkt, Mr. Ng and Mr. Lee is on-going.

* *For identification purpose only*

The estimated impairment loss in respect of the Loan has been included in the expected increase in the Group's expected credit losses on accounts receivable arising from margin financing business in the unaudited consolidated management account for the year ended 31 December 2019 as referred to in the Company's announcement dated 17 January 2020. **Shareholders of and potential investors in the Company should exercise caution when dealing in shares of the Company.**

By Order of the Board
Southwest Securities International Securities Limited
Wu Jian
Chairman

Hong Kong, 3 February 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wu Jian (Chairman), Mr. Pu Rui (Chief Executive Officer), Dr. Zhao Mingxun, Ms. Wang Huiyun and Mr. Xiong Xiaoqiang; and the independent non-executive directors of the Company are Professor Wu Jun, Mr. Meng Gaoyuan and Dr. Guan Wenwei.