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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)

PROFIT WARNING

This announcement is made by Southwest Securities International Securities Limited (the “**Company**”, together with its subsidiaries, collectively 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the “**SFO**”).

The board of directors (“**Directors**”) of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (“**Year 2022**”) and the information currently available to the Group, the Group expects to record a consolidated net loss of approximately HK\$241.1 million for Year 2022, as compared to the consolidated net loss of approximately HK\$59.0 million for the year ended 31 December 2021 (“**Year 2021**”).

The Board believes that the increase in the expected consolidated net loss for Year 2022 as compared with the consolidated net loss for Year 2021 is mainly attributable to the expected net investment loss of approximately HK\$112.4 million of the proprietary trading business for Year 2022, as compared to the net investment gain of approximately HK\$108.1 million for Year 2021.

The information contained in this announcement is based solely on the preliminary assessment by the Group with reference to the information available to the Board as at the date of this announcement, and has not been audited or reviewed by the Company’s auditors. The actual results of the Group for Year 2022 may differ from the information contained in this announcement. Details of the Group’s financial performance will be disclosed in the Company’s final results announcement for Year 2022, which is expected to be published in March 2023.

Reference is also made to the announcement of the Company dated 30 December 2022 (the “**3.7 Announcement**”) in relation to the potential sale and purchase of the shares of the Company which may trigger a possible general offer for the shares of the Company and implications on the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). The Company is currently in the offer period (as defined in the Takeovers Code) with respect to the Potential Transactions (as defined in the 3.7 Announcement), which constitutes an offer under the Takeovers Code.

Pursuant to the Takeovers Code, the profit warning set out in this announcement (the “**Profit Warning**”) constitutes a profit forecast under Rule 10 of the Takeovers Code and should be reported on by the Company’s financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosure of the Profit Warning under Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties in meeting the requirements of Rule 10.4 of the Takeovers Code.

Under Rule 10.4 and Practice Note 2 of the Takeovers Code, if a profit forecast is made by the Company during an offer period and the forecast is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial adviser and auditors on the said profit forecast, in the next document to be sent to the shareholders (the “**Shareholders’ Document**”).

However, as the audited consolidated results of the Group for the Year 2022 are expected to be published prior to the despatch of the Shareholders’ Document, the requirements to report on the financial information in relation to the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply in the event that the audited consolidated results of the Group for Year 2022 are published which fall within the ambit of Rule 10.9 of the Takeovers Code before the despatch of Shareholders’ Document. Otherwise the Profit Warning will be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Shareholders’ Document.

WARNING:

Shareholders and potential investors should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the possible general offer as disclosed in the 3.7 Announcement. Shareholders and potential

investors are advised to exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the Board
Southwest Securities International Securities Limited
Zhang Hongwei
Chairman

Hong Kong, 20 January 2023

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hongwei (Chairman) and Mr. Huang Changsheng; and the independent non-executive directors of the Company are Mr. Meng Gaoyuan, Mr. Liang Jilin and Mr. Cao Ping.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

** For identification purpose only*