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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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF BONDS

THE GROUP'S DISPOSAL OF BTSDF BONDS PURSUANT TO THE H&H TENDER OFFER

On 26 June 2023, the Company disposed of the BTSDF Bonds in the principal amount of US\$1,500,000 (equivalent to approximately HK\$11,700,000) at a total consideration (together with the accrued interests) of approximately US\$1,409,531 (equivalent to approximately HK\$10,994,344) pursuant to the H&H Tender Offer.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal of the BTSDF Bonds exceeded 5% but all of them were less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

THE DISPOSAL

Reference is made to the Company's announcement dated 1 November 2022 in relation to, among others, the acquisitions of the BTSDF Bonds. Reference is also made to the announcements of H&H dated 2 June 2023, 6 June 2023, 13 June 2023, 14 June 2023 and 27 June 2023 in relation to the launch of the H&H Tender Offer.

On 26 June 2023, the Company disposed of the BTSDF Bonds in the principal amount of US\$1,500,000 (equivalent to approximately HK\$11,700,000) at a total consideration (together with the accrued interests) of approximately US\$1,409,531 (equivalent to approximately HK\$10,994,344) pursuant to the H&H Tender Offer.

Information of the BTSDF Bonds

Issuer	:	Health and Happiness (H&H) International Holdings Limited
Issue type	:	Second ranking secured fixed rate note
Coupon rate	:	5.625% (payable semi-annually in arrears on 24 April and 24 October of each year)
Maturity date	:	24 October 2024
Listing	:	The BTSDF Bonds are listed on the Stock Exchange
ISIN	:	XS2067255328

The net profit/(loss) (both before and after taxation) attributable to the BTSDF Bonds disposed of for the financial years ended 31 December 2021 and 2022 (represented the results since the acquisition of the BTSDF Bonds during 17 December 2021 to 7 January 2022) is as follows:

	For the year ended 31 December 2021 US\$	For the year ended 31 December 2022 US\$
Net profit/(loss) (before taxation)	438	(106,196)
Net profit/(loss) (after taxation)	438	(106,196)

Financial Impact and Use of Proceeds

The Company has recorded a loss of approximately US\$108,891 (equivalent to approximately HK\$849,350), being the difference between the consideration received from the Disposal and the acquisition cost of the BTSDF Bonds disposed of (exclusive of transaction costs). The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by the auditors of the Company. The Group intended to apply the proceeds from the Disposal for future investment and general working capital of the Group.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is incorporated in Bermuda with limited liability. The principal activity of the Company is investment holding. The Group, through its subsidiaries, principally engages in brokerage and margin financing, corporate finance, asset management and proprietary trading.

INFORMATION OF H&H

Health and Happiness (H&H) International Holdings Limited, a company incorporated in the Cayman Islands and is listed on the Stock Exchange (stock code: 1112) which, together with its subsidiaries, principally engages in the manufacture and sale of premium pediatric nutrition, baby care products, adult nutrition and care products and pet nutrition and care products. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, H&H and its ultimate beneficial owner(s) are Independent Third Parties.

BASIS OF THE CONSIDERATION AND SETTLEMENT

The consideration (inclusive of the accrued interests) for the Disposal was approximately US\$1,409,531 (equivalent to approximately HK\$10,994,344), which was determined by the terms and conditions as set out in the offer to purchase of the H&H Tender offer. The entire consideration for the Disposal will be settled by cash.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The investment strategy of the Group is, among others, to achieve long-term return within an acceptable risk level by investing in a broad diversification of portfolio, including but not limited to stocks, bonds, funds, structured products and derivatives in different business sectors. Over the years, the Group has sought to diversify its investment portfolios when opportunities arose and would, from time to time, realise its investments where to do so will be in the best interests of the Group.

The Disposal was in line with the Group's principal activities on securities dealing and financial investments, and allowed the Group to (i) realise the Company's investment in the listed securities and bonds; (ii) enhance liquidity of the Company and (iii) obtain additional cash flow. As the Disposal was made on the open market at prevailing market price, the Directors were of the view that the terms of the Disposal were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceeded 5% but all of them were less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant

to Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Disposal will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“2024 Notes”	the 5.625% senior notes due 2024 issued by H&H on 24 October 2019 and are listed on the Stock Exchange. The ISIN for the 2024 Notes is XS2067255328, and the Common Code for the 2024 Notes is 206725532
“Board”	the board of Directors
“BTSDF Bonds”	an aggregate principal amount of US\$1,500,000 of the 2024 Notes acquired by the Group through a series of transactions between 17 December 2021 to 7 January 2022 on the open market at an aggregate consideration of approximately US\$1,518,422. For further details, please refer to the Company’s announcement dated 1 November 2022
“Company”	Southwest Securities International Securities Limited (西證國際證券股份有限公司*), a company incorporated with limited liability in Bermuda, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the BTSDF Bonds in the principal amount of US\$1,500,000 (equivalent to approximately HK\$11,700,000) pursuant to the H&H Tender Offer for the aggregate amount (together with the accrued interests) of approximately US\$1,409,531 (equivalent to approximately HK\$10,994,344)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“H&H”	Health and Happiness (H&H) International Holdings Limited, a company incorporated in the Cayman Islands and is listed on the Stock Exchange (stock code: 1112)

“H&H Tender Offer”	the invitation by H&H to the respective eligible holders of the 2024 Notes to tender any or all 2024 Notes held by such eligible holders for purchase by H&H for cash, further details of which are set out in H&H’s announcements on 2 June 2023, 6 June 2023, 13 June 2023, 14 June 2023 and 27 June 2023
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” of “U.S. dollars”	United State Dollars, the lawful currency of the United States of America
“%”	per cent or percentage

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.80 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such a rate.

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

Hong Kong, 28 June 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.

* *For identification purpose only*