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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 ANNOUNCEMENT IN RESPECT OF THE POTENTIAL TRANSACTIONS PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Southwest Securities International Securities Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the announcements of the Company dated 30 December 2022, 30 January 2023, 28 February 2023, 28 March 2023, 28 April 2023, 25 May 2023 and 23 June 2023 (the “**3.7 Announcement(s)**”) relating to the potential sale and purchase of the 2,713,469,233 Shares held by Southwest Securities International Investment Limited (西證國際投資有限公司) (“**SSII**”) (representing approximately 74.1% of the total issued shares of the Company and the entire shareholding held by SSII of the Company); and (ii) the perpetual securities in the aggregate principal amount of HK\$580,000,000 issued by the Company to SSII on 8 October 2019 (the “**Potential Transaction(s)**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the 3.7 Announcements.

SUPPLEMENTAL MOU IN RESPECT OF THE POTENTIAL TRANSACTIONS

As disclosed in the 3.7 Announcement dated 30 December 2022, SSII and the Potential Purchaser had entered into a MOU. Pursuant to the terms of the MOU, SSII had agreed, among other things, not to negotiate with any other party relating to the Potential Transactions for a period of six months commencing from date of the MOU (i.e. 30 December 2022) to 30 June 2023. Reference is also made to the 3.7 Announcement dated 28 March 2023, whereby it was announced that as informed by the Potential Purchaser, the Proposed Transactions will continue to be conducted through the Potential Individual Purchaser, being one of its ultimate beneficial owners.

The Board wishes to update the Shareholders and potential investors of the Company that, as informed by SSII, on 30 June 2023 (after trading hours), SSII had entered into a supplemental memorandum of understanding (the “**Supplemental MOU**”) with the Potential Individual Purchaser and the Potential Purchaser in respect of the Potential Transactions.

Pursuant to the terms of the Supplemental MOU, SSII, the Potential Individual Purchaser and the Potential Purchaser had agreed to amend the MOU as follows:

1. All the rights and obligations of the Potential Purchaser under the MOU shall be transferred to the Potential Individual Purchaser (other than the rights and obligations relating to the Earnest Money).
2. The end date of the Exclusivity Period shall be further extended from 30 June 2023 to 30 September 2023.
3. Save for the above amendment, SSII, the Potential Individual Purchaser and the Potential Purchaser had agreed that other terms of the MOU and their respective effect shall remain unchanged.

As the Potential Purchaser has fully paid the Earnest Money of HK\$5,000,000 to SSII within five days after the signing of the MOU, the Potential Individual Purchaser is not required to make any payment of the Earnest Money to SSII following the signing of the Supplemental MOU.

The Potential Transactions are subject to further negotiation and execution of a formal sale and purchase agreement between the parties.

As of the date of this announcement, having made all reasonable enquiries, (i) the discussions and negotiations between SSII and the Potential Individual Purchaser in respect of the Potential Transactions are on-going, and due diligence review and discussion and negotiation on the commercial terms in respect of the Potential Transactions are taking place; and (ii) no formal or legally binding agreement has been entered into between SSII and the Potential Individual Purchaser in relation to the Potential Transactions.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

WARNING: THERE IS NO ASSURANCE THAT THE POSSIBLE TRANSACTIONS WILL MATERIALISE OR EVENTUALLY BE CONSUMMATED AND THE RELEVANT DISCUSSIONS MAY OR MAY NOT LEAD TO A GENERAL OFFER UNDER RULE 26.1 OF THE TAKEOVERS CODE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.

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

Hong Kong, 30 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.

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*