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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 TRANSACTIONS IN RELATION TO DISPOSAL OF BONDS

THE GROUP'S DISPOSAL OF BONDS

Disposal of Haitong Bonds

On 7 September 2023, the Company disposed of the Haitong Bonds in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) at a total consideration (together with the accrued interests) of approximately US\$2,435,188 (equivalent to approximately HK\$18,994,466) in the open market.

Disposal of CHPWCN Bonds

On 7 September 2023, the Company disposed of the CHPWCN Bonds in the principal amount of US\$800,000 (equivalent to approximately HK\$6,240,000) at a total consideration (together with the accrued interests) of approximately US\$795,500 (equivalent to approximately HK\$6,204,900) in the open market.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal of Haitong Bonds and the Disposal of CHPWCN Bonds exceeded 5% but all of them were less than 25%, each of the Disposals 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 DISPOSALS

Disposal of Haitong Bonds

On 7 September 2023, the Company disposed of the Haitong Bonds in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) at a total consideration (together with the accrued interests) of approximately US\$2,435,188 (equivalent to approximately HK\$18,994,466) in the open market.

Information of Haitong Bonds

Issuer	:	Haitong International
Issue type	:	Professional
Annual coupon rate	:	3.375%
Maturity date	:	19 July 2024
Listing	:	The Haitong Bonds are listed on the Stock Exchange (stock code: 04484)
ISIN	:	XS2025483699
Currency	:	Quoted and traded in US\$

For further details of the Haitong Bonds, please refer to the Haitong Announcement.

The net loss (both before and after taxation) attributable to the Haitong Bonds disposed of for the financial year ended 31 December 2022 (represented the results since the acquisition of the Haitong Bonds on 28 June 2022) is as follows:

	For the year ended 31 December 2022
	<i>US\$</i>
Net loss (before taxation)	37,403
Net loss (after taxation)	37,403

Financial Impact and Use of Proceeds of Haitong Bonds

The Company has recorded a loss of approximately US\$29,813 (equivalent to approximately HK\$232,541), being the difference between the consideration received from the Disposal of Haitong Bonds and the acquisition cost of the Haitong Bonds disposed of (exclusive of transaction costs). The actual amount of gain or loss as a result of the Disposal of Haitong Bonds 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 of Haitong Bonds for future investment and general working capital of the Group.

Basis of the consideration and settlement of Haitong Bonds

The total consideration (inclusive of the accrued interests) for the Disposal of Haitong Bonds was approximately US\$2,435,188 (equivalent to approximately HK\$18,994,466), which represented the then market price of the disposed Haitong Bonds. The entire consideration for the Disposal of Haitong Bonds will be settled by cash and in accordance with the relevant standard market practice.

As the Disposal of Haitong Bonds was conducted through the open market, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners are Independent Third Parties, and are not shareholders of the Company. The Disposal of Haitong Bonds was conducted with the consent of the Potential Individual Purchaser (as defined in the 3.7 Announcements pursuant to Note 1 to Rule 4 of the Hong Kong Code on Takeovers and Mergers).

Disposal of CHPWCN Bonds

On 7 September 2023, the Company disposed of the CHPWCN Bonds in the principal amount of US\$800,000 (equivalent to approximately HK\$6,240,000) at a total consideration (together with the accrued interests) of approximately US\$795,500 (equivalent to approximately HK\$6,204,900) in the open market.

Information of CHPWCN Bonds

Issuer	:	DianJian Haiyu
Guarantor	:	Power Construction
Issue type	:	Senior guaranteed perpetual securities
Coupon rate	:	4.3% (payable semi-annually in arrears on 20 June and 20 December of each year)

Maturity date	:	N/A
Listing	:	The CHPWCN Bonds are listed on the Stock Exchange (stock code: 05016)
ISIN	:	XS2008565116
Currency	:	Quoted and traded in US\$

For further details of the CHPWCN Bonds, please refer to the Company's announcement dated 1 November 2022.

The net loss (both before and after taxation) attributable to the CHPWCN Bonds disposed of for the financial year ended 31 December 2022 (represented the results since the acquisition of the CHPWCN Bonds on 5 September 2022) is as follows:

	For the year ended 31 December 2022
	<i>US\$</i>
Net loss (before taxation)	5,683
Net loss (after taxation)	5,683

Financial Impact and Use of Proceeds of CHPWCN Bonds

The Company has recorded a loss of approximately US\$4,500 (equivalent to approximately HK\$35,100), being the difference between the consideration received from the Disposal of CHPWCN Bonds and the acquisition cost of the CHPWCN Bonds disposed of (exclusive of transaction costs). The actual amount of gain or loss as a result of the Disposal of CHPWCN Bonds 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 of CHPWCN Bonds for future investment and general working capital of the Group.

Basis of the consideration and settlement of CHPWCN Bonds

The total consideration (inclusive of the accrued interests) for the Disposal of CHPWCN Bonds was approximately US\$795,500 (equivalent to approximately HK\$6,204,900), which represented the then market price of the disposed CHPWCN Bonds. The entire consideration for the Disposal of CHPWCN Bonds will be settled by cash and in accordance with the relevant standard market practice.

As the Disposal of CHPWCN Bonds was conducted through the open market, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners are Independent Third Parties, and are not shareholders of the Company. The Disposal of CHPWCN Bonds was conducted with the consent of the Potential Individual Purchaser (as defined in the 3.7 Announcements pursuant to Note 1 to Rule 4 of the Hong Kong Code on Takeovers and Mergers).

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 HAITONG INTERNATIONAL

To the best of the Directors' knowledge, Haitong International's principal activity is investment holding. Haitong International's subsidiaries are principally engaged in wealth management, corporate finance, asset management, global markets and investment.

INFORMATION OF DIANJIAN HAIYU AND POWER CONSTRUCTION

To the best of the Directors' knowledge, DianJian Haiyu was established for the purpose of entering into arrangements for the issuance of securities and the issuance of guaranteed notes and securities.

To the best of the Directors' knowledge, DianJian Haiyu, Power Construction and its subsidiaries primarily engaged in the provision of surveying, engineering, constructing and operating services for hydropower, thermal power, new energy, power grid and other infrastructure projects in the PRC and overseas.

REASONS FOR AND BENEFITS OF THE DISPOSALS

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 Disposals were 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 Disposals were made on the open market at prevailing market price, the Directors were of the view that the terms of the Disposals 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 of Haitong Bonds and the Disposal of CHPWCN Bonds exceeded 5% but all of them were less than 25%, each of the Disposals 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.

DEFINITIONS

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

“3.7 Announcements”	the Company’s announcements pursuant to rule 3.7 of the Hong Kong Code on Takeovers and Mergers, rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) dated 30 December 2022 and 30 June 2023
“Board”	the board of Directors
“CHPWCN Bonds”	US\$800,000 in aggregate principal amount of 4.3 per cent. (stock code: 05016)
“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
“DianJian Haiyu”	DianJian Haiyu Ltd., a company incorporated in the British Virgin Islands and is majority owned by Power Construction, the guarantor of CHPWCN Bonds

“Director(s)”	director(s) of the Company
“Disposal of CHPWCN Bonds”	the disposal of the CHPWCN Bonds in the principal amount of US\$800,000 (equivalent to approximately HK\$6,240,000) by the Company on 7 September 2023, at a total consideration (together with the accrued interests) of approximately US\$795,500 (equivalent to approximately HK\$6,204,900)
“Disposal of Haitong Bonds”	the disposal of the Haitong Bonds in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) by the Company on 7 September 2023, at a total consideration (together with the accrued interests) of approximately US\$2,435,188 (equivalent to approximately HK\$18,994,466)
“Disposals”	Disposal of Haitong Bonds and Disposal of CHPWCN Bonds
“Group”	the Company and its subsidiaries
“Haitong Announcement”	the announcement of Haitong International dated 10 July 2019
“Haitong Bonds”	US\$2,500,000 in aggregate principal amount of 3.375 per cent. bonds due 2024 (stock code: 04484)
“Haitong International”	Haitong International Securities Group Limited (stock code: 665), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“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
“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
“Power Construction”	Power Construction Corporation Ltd., a state-owned company incorporated in the PRC and administered by the State-owned Assets Supervision and Administration Commission of the State Council
“PRC”	the People’s Republic of China
“Shareholders(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	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, 8 September 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*