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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)

DECISION OF THE STOCK EXCHANGE ON THE COMPANY'S COMPLIANCE WITH RULE 13.24 OF THE LISTING RULES

This announcement is made by Southwest Securities International Securities Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DECISION ON COMPLIANCE WITH RULE 13.24

On 15 September 2023, the Company received a letter (the “**Letter**”) from the Stock Exchange notifying the Company of its decision (the “**Decision**”) that the Company has failed to maintain a sufficient level of operations and assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares. The trading of the shares of the Company will be suspended on 27 September 2023 unless the Company applies for a review of the Decision. The Letter states that in arriving at the Decision, the Stock Exchange has considered, among others, the following:

1. The operation of the brokerage and margin financing business and the corporate finance business, being the primary business operation of the Company for the past five years, had significantly scaled down: (a) the operation of the brokerage and margin financing business has substantially ceased for the year ended 31 December 2022 and the remaining business is only operated at a minimal scale; (b) the Company has ceased its IPO sponsor business due to the licensing restriction imposed by the Securities and Futures Commission in April 2023, which Southwest Securities (HK) Capital Limited shall not act as sponsor in respect of an application for the listing on the Stock Exchange; and (c) the debt capital market business only generated a minimal revenue for the Group for the year ended 31 December 2022;

2. The Company had recorded segment losses and had been loss making for years and the situation does not appear to be a temporary downturn or decline caused by the COVID-19 pandemic or weak market sentiment;
3. There exist uncertainties surrounding the Potential Transactions (as defined in the monthly update announcements pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**3.7 Announcements**”), the latest of which dated 31 August 2023), including, among others, (a) whether a definitive agreement will be entered into between SSII (as defined in the 3.7 Announcements) and the Potential Individual Purchaser (as defined in the 3.7 Announcements); (b) whether the conditions precedents that may be imposed on the transaction can be fulfilled; and (c) whether the business plan proposed will eventually materialise; and
4. The total assets of the Company mainly consisted of cash and bank balances and financial assets, and the Company recorded net liabilities of HK\$26.7 million as at 30 June 2023. Hence the Company did not appear to have sufficient assets to support the operation of a viable and sustainable business.

RIGHT OF REVIEW

Under Chapter 2B of the Listing Rules, the Company has the right to have the Decision referred to the Listing Committee for review. Any request for review must be served on the Secretary of the Listing Committee within seven business days from the date of the Decision (i.e. before 27 September 2023). Trading in the Company’s shares will be suspended after the expiry of seven business days from the date of the Decision, unless the Company applies for a review of the Decision.

The Company is in the process of reviewing the Letter and is discussing the same with the Company’s legal and financial advisers, and would actively consider lodging a review request for the Decision be referred to the Listing Committee for review.

The Directors would remind the Shareholders and potential investors that (i) the Company may or may not proceed with the review by the Listing Committee; and (ii) the outcome of such review is uncertain, even if undertaken. Further announcements will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

Shareholders of the Company who have any queries about the implications of the Decision are advised to obtain appropriate professional advice.

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

Hong Kong, 17 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*