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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)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF YUNINV NOTES

THE GROUP'S DISPOSAL OF YUNINV NOTES

Reference is made to the announcement of the Company dated 4 October 2023 in relation to the disposal of YUNINV Notes in the principal amount of US\$1,600,000. On 4 October 2023, the Company further disposed of YUNINV Notes in the principal amount of US\$1,400,000 (equivalent to approximately HK\$10,920,000) at a total consideration (together with the accrued interests) of approximately US\$1,310,034 (equivalent to approximately HK\$10,218,265) in the open market. During the period from 29 September 2023 to 4 October 2023, the Company disposed of, in aggregate, YUNINV Notes in the principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) at a total consideration (together with the accrued interests) of approximately US\$2,809,969 (equivalent to approximately HK\$21,917,758).

LISTING RULES IMPLICATIONS

Since the YUNINV Notes Disposal was conducted through a series of transactions which took place within a 12-month period, the YUNINV Notes disposed of were therefore aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the YUNINV Notes Disposal exceeds 25% but all of them are less than 75%, the YUNINV Notes Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company has obtained written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from SSII, which is the beneficial owner of 2,713,469,233 Shares, representing approximately 74.10% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Disposal; and therefore, none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As such, no general meeting will be convened for the approval of the Disposal as is permitted under Rule 14.44 of the Listing Rules.

GENERAL

It is expected that a circular containing, among other things, (i) details of the Disposal; and (ii) other information required to be included in the circular under the requirements of the Listing Rules shall be despatched to the Shareholders within fifteen (15) business days after the publication of this announcement, which is on or before 27 October 2023, pursuant to Rule 14.41(a) of the Listing Rules.

THE DISPOSAL

Disposal of YUNINV Notes

Reference is made to the announcement of the Company dated 4 October 2023 in relation to the disposal of YUNINV Notes in the principal amount of US\$1,600,000. On 4 October 2023, the Company further disposed of YUNINV Notes in the principal amount of US\$1,400,000 (equivalent to approximately HK\$10,920,000) at a total consideration (together with the accrued interests) of approximately US\$1,310,034 (equivalent to approximately HK\$10,218,265) in the open market. During the period from 29 September 2023 to 4 October 2023, the Company disposed of, in aggregate, YUNINV Notes in the

principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) at a total consideration (together with the accrued interests) of approximately US\$2,809,969 (equivalent to approximately HK\$21,917,758).

Information of the YUNINV Notes

Issuer	:	Bi Hai
Guarantor	:	Yunnan Provincial
Note type	:	Professional
Coupon rate	:	6.5%
Maturity date	:	2 March 2025
Listing	:	The YUNINV Notes are listed on Stock Exchange
ISIN	:	XS2437684207
Currency	:	Quoted and traded in US\$
Amount issued	:	US\$200,000,000

The net profit (both before and after taxation) attributable to the YUNINV Notes disposed of for the financial year ended 31 December 2022 (represented the results since the acquisition of the YUNINV Notes during 28 February 2022 to 31 December 2022) is as follows:

	For the year ended 31 December 2022
	<i>US\$</i>
Net profit (before taxation)	98,957
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Financial Impact and Use of Proceeds

The Company has recorded a loss of approximately US\$193,031 (equivalent to approximately HK\$1,505,642), being the difference between the consideration received from the Disposal and the acquisition cost of the YUNINV Notes 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 BI HAI AND YUNNAN PROVINCIAL

To the best of the Directors' knowledge, Bi Hai is a company incorporated in the British Virgin Islands with limited company and an indirect wholly-owned subsidiary of Yunnan Provincial. Bi Hai and its group companies is one of the largest integrated investment holding companies in Yunnan Province in the PRC, with Yunnan Provincial being directly and majority-owned by State-owned Assets Supervision and Administrative Commission of the People's Government of Yunnan Province. It primarily engages in resources development, manufacturing, financial services, tourism, real estate, trading and labour services, investment income and others. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Bi Hai, Yunnan Provincial and their ultimate beneficial owner(s) are Independent Third Parties and are not shareholders of the Group.

BASIS OF THE CONSIDERATION AND SETTLEMENT

As at 30 June 2023, the YUNINV Notes at fair value through profit and loss was approximately US\$2,907,647. The total consideration (inclusive of the accrued interests) for the YUNINV Notes Disposal was approximately US\$2,809,969 (equivalent to approximately HK\$21,917,758), which represented the then market price of the YUNINV Notes being disposed of. The entire consideration for the Disposal has been and will be settled by cash and in accordance with the relevant standard market practice.

As the Disposal 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 the Independent Third Parties, and are not shareholders of the Company. The Disposal 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).

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 which 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 in the open market at prevailing market price, the Directors were of the view that the terms of the Disposal was fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Disposal; and therefore, none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As such, no general meeting will be convened for the approval of the Disposal as is permitted under Rule 14.44 of the Listing Rules.

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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, 30 June 2023 and 22 September 2023
“Bi Hai”	Bi Hai Co., Ltd. (碧海有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Yunnan Provincial
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules

“Director(s)”	director(s) of the Company
“Disposal” or “YUNINV Notes Disposal”	the disposal of, in aggregate, the YUNINV Notes in the principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) by the Company on 29 September 2023, 3 October 2023 and 4 October 2023 at a total consideration (together with the accrued interests) of approximately US\$2,809,969 (equivalent to approximately HK\$21,917,758)
“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
“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
“PRC”	the People’s Republic of China
“Shareholders(s)”	holder(s) of the share(s) of the Company
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“SSII”	Southwest Securities International Investment Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Southwest Securities Co., Ltd. and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “U.S. dollars”	United State Dollars, the lawful currency of the United States of America

“YUNINV Notes”	an aggregate principal amount of US\$3,000,000 acquired by the Group on 28 February 2022 in the open market at an aggregate consideration of approximately US\$3,003,000 (equivalent to approximately HK\$23,423,400)
“Yunnan Provincial”	Yunnan Provincial Investment Holdings Group Co., Ltd (雲南省投資控股集團有限公司), a company incorporated in the PRC with limited liability, directly and majority owned by State-owned Assets Supervision and Administrative Commission of the People’s Government of Yunnan Province
“%”	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, 5 October 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*