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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**”), 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).

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, 23 June 2023, 30 June 2023, 31 July 2023, 31 August 2023, 22 September 2023, 25 October 2023, 3 November 2023, 24 November 2023 and 22 December 2023 (the “**3.7 Announcements**”) relating to the potential sale and purchase of (i) 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, capitalized terms used in this announcement shall have the same meaning as defined in the 3.7 Announcements.

3rd SUPPLEMENTAL MOU IN RESPECT OF THE POTENTIAL TRANSACTIONS

Reference is made to the 3.7 Announcement dated 22 September 2023, whereby it was announced that SSII, the Potential Individual Purchaser and the Potential Purchaser had entered into the 2nd Supplemental MOU, pursuant to which the parties to the 2nd Supplemental MOU (the “**Parties**”) had agreed, among other things, to extend the end date of the Exclusivity Periods to 30 December 2023.

The Board wishes to update the Shareholders and potential investors of the Company that, as informed by SSII, on 29 December 2023 (after trading hours), SSII had entered into a third supplemental memorandum of understanding (the “**3rd Supplemental MOU**”) with the Potential Individual Purchaser and the Potential Purchaser. Pursuant to the terms of the 3rd Supplemental MOU:

1. Taking into account that the Potential Individual Purchaser had paid a non-refundable additional earnest money of HK\$5,000,000 (the “**3rd Earnest Money**”) to SSII on 29 December 2023, the Parties agreed to further extend the end date of the Exclusivity Periods from 30 December 2023 to 30 January 2024.
2. The 3rd Earnest Money is non-refundable. Upon the 3rd Supplemental MOU taking effect, unless otherwise agreed by the Parties, in the event that SSII and the Potential Individual Purchaser, irrespective of any reason, could not enter into a formal sale and purchase agreement in respect of the Potential Transactions by the date the Parties mutually agree in writing to terminate the Exclusivity Periods or the extended end date of the Exclusivity Periods (i.e. 30 January 2024) (whichever is earlier), the 3rd Earnest Money, the Additional Earnest Money and the Earnest Money, in the total amount of HK\$20,000,000, shall be forfeited to SSII.
3. Upon the 3rd Supplemental MOU taking effect, in the event that SSII and the Potential Individual Purchaser enter into a formal sale and purchase agreement in respect of the Potential Transactions by the extended end date of the Exclusivity Periods (i.e. 30 January 2024), the 3rd Earnest Money, together with the Additional Earnest Money of HK\$10,000,000 and the Earnest Money of HK\$5,000,000 that had been paid by the Potential Purchaser under the MOU, shall be convertible in full as part of the consideration payable by the Potential Individual Purchaser under the formal sale and purchase agreement.
4. Save for the above amendments, the Parties agreed that the other terms of the MOU, the Supplemental MOU, the 2nd Supplemental MOU and their respective effect shall remain unchanged.

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, 29 December 2023

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hongwei (Chairman) and Mr. Huang Changsheng (Chief executive officer); 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*