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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 CCAMCL NOTES BATCH 2

THE GROUP'S DISPOSAL OF CCAMCL NOTES BATCH 2

On 12 January 2024, the Company disposed of the CCAMCL Notes Batch 2 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\$2,476,392 (equivalent to approximately HK\$19,315,858) in the open market.

LISTING RULES IMPLICATIONS

Reference is made to the announcements of the Company dated 9 November 2023 and 10 January 2024 in relation to the First Previous Disposal and the Second Previous Disposal. On 8 November 2023, the Company has conducted the First Previous Disposal, in which the Cinda Offshore Preference Shares issued by China Cinda in the principal amount of US\$1,000,000 was disposed of at a total consideration (together with the accrued interests) of approximately US\$925,456. On 9 January 2024, the Company has further conducted the Second Previous Disposal of the CCAMCL Notes Batch 1 in the principal amount of US\$1,200,000 at a total consideration of approximately US\$1,188,202. As one or more of the applicable percentage ratios for each of the First Previous Disposal and the Second Previous Disposal (on both a stand-alone basis and in aggregate) exceeded 5% but all of them were less than 25%, each of the First Previous Disposal and the Second Previous Disposal constituted a discloseable transaction of the Company and the Company has complied with the disclosure requirements for discloseable transaction in accordance with Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, China Cinda Finance and China Cinda HK, the issuer and guarantor of the CCAMCL Notes respectively, are wholly-owned by China Cinda.

As the Disposal, the First Previous Disposal and the Second Previous Disposal were conducted within a 12-month period prior to and inclusive of the date of the Disposal, they were aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal (on both a stand-alone basis and in aggregate with the First Previous Disposal and the Second Previous Disposal) exceeds 25% but all of them are less than 75%, it 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 was 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 was 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 2 February 2024, pursuant to Rule 14.41(a) of the Listing Rules.

THE DISPOSAL

Disposal of CCAMCL Notes Batch 2

On 12 January 2024, the Company disposed of the CCAMCL Notes Batch 2 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\$2,476,392 (equivalent to approximately HK\$19,315,858) in the open market.

Information of the CCAMCL Notes

Issuer	:	China Cinda Finance
Guarantor	:	China Cinda HK
Coupon type	:	Professional
Coupon rate	:	4.25%
Maturity date	:	23 April 2025
Listing	:	The CCAMCL Notes are listed on Stock Exchange (stock code: 5897)
ISIN	:	USG21184AB52
Currency	:	Quoted and traded in US\$
Amount issued	:	US\$1,700,000,000

The net loss (both before and after taxation) attributable to the CCAMCL Notes Batch 2 disposed of for the financial year ended 31 December 2022 (represented the results since the acquisition of the CCAMCL Notes Batch 2 during 2 June 2022 to 31 December 2022) is as follows:

	For the year ended 31 December 2022
	<i>US\$</i>
Net loss (before taxation)	69,462
Net loss (after taxation)	69,462

Financial Impact and Use of Proceeds

The Company has recorded a loss of approximately US\$46,608 (equivalent to approximately HK\$363,542), being the difference between the consideration received from the Disposal and the acquisition cost of the CCAMCL Notes Batch 2 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 CHINA CINDA FINANCE AND CHINA CINDA HK

To the best of the Directors' knowledge, China Cinda Finance is a company incorporated with limited liability in British Virgin Islands; and China Cinda HK is a company established with limited liability in Hong Kong. China Cinda Finance and China Cinda HK are wholly-owned by China Cinda. China Cinda primarily engages in distressed asset management and financial services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China Cinda Finance, China Cinda HK, China Cinda 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 and 31 December 2023, the CCAMCL Notes Batch 2 at fair value through profit and loss was US\$2,423,779 and US\$2,475,119 respectively. The total consideration (inclusive of the accrued interests) for the Disposal was approximately US\$2,476,392 (equivalent to approximately HK\$19,315,858), which represented the then market price of the Disposal. 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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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 was 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 was 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 2 February 2024, pursuant to Rule 14.41(a) 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, 30 June 2023, 22 September 2023 and 29 December 2023
“Board”	the board of Directors
“CCAMCL Notes”	an aggregate principal amount of US\$3,700,000 acquired by the Group on 2 June 2022 in the open market at an aggregate consideration of approximately US\$3,734,040 (equivalent to approximately HK\$29,125,512)
“CCAMCL Notes Batch 1”	an aggregate principal amount of US\$1,200,000 acquired by the Group on 2 June 2022 in the open market at an aggregate consideration of approximately US\$1,211,040 (equivalent to approximately HK\$9,446,112)
“CCAMCL Notes Batch 2”	an aggregate principal amount of US\$2,500,000 acquired by the Group on 2 June 2022 in the open market at an aggregate consideration of approximately US\$2,523,000 (equivalent to approximately HK\$19,679,400)
“China Cinda”	China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability and whose H shares (stock code: 1359) are listed on the Main Board of the Stock Exchange
“China Cinda Finance”	China Cinda Finance (2015) I Limited, a company incorporated with limited liability in the British Virgin Islands, which is a wholly-owned subsidiary of China Cinda
“China Cinda HK”	China Cinda (HK) Holdings Company Limited, a company established with limited liability in Hong Kong, which is a wholly-owned subsidiary of China Cinda
“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”	the disposal of the CCAMCL Notes Batch 2 in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,500,000) by the Company on 12 January 2024 at a total consideration (together with the accrued interests) of approximately US\$2,476,392 (equivalent to approximately HK\$19,315,858)
“First Previous Disposal”	the previous disposal of Cinda Offshore Preference Shares issued by China Cinda in the principal amount of US\$1,000,000 (equivalent to approximately HK\$7,800,000) at a total consideration (together with the accrued interests) of approximately US\$925,456 (equivalent to approximately HK\$7,218,557) by the Company on 8 November 2023 in the open market
“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

“Second Previous Disposal”	the previous disposal of CCAMCL Notes Batch 1 in the principal amount of US\$1,200,000 (equivalent to approximately HK\$9,360,000) at a total consideration of approximately US\$1,188,202 (equivalent to approximately HK\$9,267,976) by the Company on 9 January 2024 in the open market
“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
“%”	per cent or percentage

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.80 has 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, 12 January 2024

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.

* *For identification purpose only*