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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, 22 December 2023 and 29 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, capitalised terms used in this announcement shall have the same meaning as defined in the 3.7 Announcements.

## 4<sup>th</sup> SUPPLEMENTAL MOU IN RESPECT OF THE POTENTIAL TRANSACTIONS

Reference is made to the 3.7 Announcement dated 29 December 2023, whereby it was announced that SSII, the Potential Individual Purchaser and the Potential Purchaser had entered into the 3<sup>rd</sup> Supplemental MOU, pursuant to which the parties to the 3<sup>rd</sup> Supplemental MOU (the “**Parties**”) had agreed, among other things, to extend the end date of the Exclusivity Periods to 30 January 2024.

The Board wishes to update the Shareholders and potential investors of the Company that, as informed by SSII, on 30 January 2024 (after trading hours), SSII had entered into a fourth supplemental memorandum of understanding (the “**4<sup>th</sup> Supplemental MOU**”) with the Potential Individual Purchaser and the Potential Purchaser. Pursuant to the terms of the 4<sup>th</sup> Supplemental MOU:

1. The Parties acknowledged that the Exclusivity Periods have lapsed on 30 January 2024 pursuant to the terms of the MOU, the 1<sup>st</sup> Supplemental MOU, the 2<sup>nd</sup> Supplemental MOU and the 3<sup>rd</sup> Supplemental MOU.
2. The Parties agreed to continue with the negotiation of the Potential Transactions on a non-exclusive basis commencing from the date of the 4<sup>th</sup> Supplemental MOU and until 30 April 2024 (or such earlier date as SSII unilaterally determines according to the negotiation conditions) (the “**Lapse Date**”). Commencing from the date of the 4<sup>th</sup> Supplemental MOU, SSII shall have the right to discuss and negotiate with any such third parties other than the Potential Purchaser and the Potential Individual Purchaser on the Potential Transactions.
3. The Parties acknowledged and confirmed that pursuant to the terms of the 3<sup>rd</sup> Supplemental MOU, the Earnest Money, the Additional Earnest Money and the 3<sup>rd</sup> Earnest Money (the “**Earnest Monies**”) in the total amount of HK\$20,000,000 shall become forfeitable to SSII on the basis that SSII and the Potential Individual Purchaser have not entered into a formal sale and purchase agreement in respect of the Potential Transactions by the end date (i.e. 30 January 2024) of the Exclusivity Periods. SSII may, depending on circumstances, hold off from exercising its right to forfeit the Earnest Monies until (i) the Lapse Date; or (ii) the date on which an exclusivity agreement or a formal sale and purchase agreement has been entered into between SSII and any such third parties other than the Potential Purchaser and the Potential Individual Purchaser on the Potential Transactions, whichever is earlier.

4. SSII confirmed that in the event a formal sale and purchase agreement in respect of the Potential Transactions shall be entered into between SSII and the Potential Individual Purchaser by the Lapse Date, the Potential Individual Purchaser shall, upon agreement of SSII, be entitled to convert the Earnest Monies into part of the consideration in respect of the transaction in accordance with the terms of the formal sale and purchase agreement.
5. The Parties acknowledged and confirmed that regardless of (i) the continual negotiation on a non-exclusive basis by the Parties in respect of the Potential Transactions or (ii) whether an exclusivity agreement or a formal sale and purchase agreement shall be entered into between SSII and any such third parties other than the Potential Purchaser and the Potential Individual Purchaser on the Potential Transactions, the rights of SSII to forfeit the Earnest Monies shall in no circumstance be affected.

## **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, 30 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.*

*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*