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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)

**VOLUNTARY ANNOUNCEMENT
FULLY EXEMPTED CONNECTED TRANSACTION
PROVISION OF SSII LOAN BY SSII TO THE COMPANY**

On 31 January 2024 (after trading hours), the Company as the borrower and SSII as the lender entered into the SSII Loan Agreement, pursuant to which SSII as the lender agreed to offer an unsecured term loan in the amount of no more than HK\$120,000,000 or equivalent to the Company as the borrower.

As SSII is the controlling shareholder of the Company which is interested in approximately 74.10% of the issued share capital of the Company, the provision of the SSII Loan constitutes a connected transaction of the Company under the Listing Rules. As the SSII Loan is on normal commercial terms or better and is not secured by the assets of the Group, the transaction is fully exempted from reporting, announcement, shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

The Company has obtained consent from the Potential Individual Purchaser (as defined in the 3.7 Announcements) in respect of the SSII Loan and the transactions contemplated thereunder.

BACKGROUND

This announcement is made by the Company on a voluntary basis.

Reference is made to the announcements of the Company dated 1 February 2021, 4 February 2021 and 9 February 2021, and the USD Bonds Offering Circular in relation to the USD Bonds. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the USD Bonds Offering Circular.

On 9 February 2021, the Company issued the USD Bonds in the aggregate principal amount of US\$178,000,000 which bear interest from 9 February 2021 (inclusive) at the fixed rate of 4.00% per annum and guaranteed by SWSC, the ultimate holding company of the Company and the sole shareholder of SSII which is incorporated in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange. Interest on the USD Bonds is payable semi-annually in arrears. The USD Bonds are listed on the Stock Exchange under the Bond Stock Code: 40594. For further details in relation to the USD Bonds, please refer to the USD Bonds Offering Circular.

As disclosed in the USD Bonds Offering Circular, a Deed of Guarantee had been executed by SWSC (as the Guarantor) and the Trustee relating to the USD Bonds. According to the terms of the Deed of Guarantee, SWSC as the Guarantor is obligated to and shall unconditionally and irrevocably guarantee the due and punctual payment of all sums expressed to be payable by the Company under the USD Bonds and the Trust Deed.

Since the issuance of the USD Bonds and up to the date of this announcement, the Company had repurchased and subsequently cancelled various portions of the USD Bonds representing approximately 48.03% of the initial aggregate principal amount of the USD Bonds. As of the date of this announcement, the aggregate outstanding principal amount of the USD Bonds is US\$92,500,000 (equivalent to approximately HK\$721 million). Such amount will mature on 9 February 2024 (being the Maturity Date as defined in the USD Bonds Offering Circular).

To facilitate the Company's redemption of the USD Bonds on the Maturity Date, on 31 January 2024 (after trading hours), the Company as the borrower and SSII as the lender entered into the SSII Loan Agreement, pursuant to which SSII agreed to make available the SSII Loan to the Company.

PRINCIPAL TERMS OF THE SSII LOAN AGREEMENT

The principal terms of the SSII Loan Agreement are as follows:

- Date** : 31 January 2024
- Lender** : SSII
- Borrower** : The Company
- Principal amount** : No more than HK\$120,000,000.00 or equivalent
- Interest rate** : The interest rate is 6.1475%, which is determined with reference to the higher rate of (i) 1 month Hong Kong Inter-bank Offered Rate plus 1.5%; and (ii) Hong Kong Dollar Best Lending Rate offered by Standard Chartered Bank (Hong Kong) Limited minus 1.5%, as of the 5 banking business days immediately prior to the date of the SSII Loan Agreement, being 31 January 2024
- Purpose** : Repayment of debts of the Company arising from the USD Bonds
- Security** : None
- Drawdown** : The Company may drawdown the principal amount by delivering to SSII a drawdown notice one banking business day before the expected drawdown date (the “**Drawdown Date**”) of the SSII Loan Agreement, being 1 February 2024
- Repayment** : Unless otherwise agreed by SSII and the Company in writing, the Company shall repay the entire principal amount and the corresponding interest to SSII on or before the final repayment date.

The final repayment date shall be on or before 31 December 2024 (or such other date as may be agreed between the lender and the borrower in writing)

The Company may prepay all or part of the SSII Loan on any date (being any banking business days subsequent to the Drawdown Date before the final repayment date), provided that (a) the Company must notify SSII in writing at least five banking business days before such early repayment date; and (b) all unpaid interest and other amounts payable by the Company must be paid on the relevant early repayment date

Interest on the SSII Loan shall be calculated up to the early repayment date or the final repayment date, as applicable. The Company is required to pay SSII the interest due in Hong Kong dollars or equivalent amount in other currencies as agreed by both parties on the early repayment date or the final repayment date. Interest should be calculated based on the then outstanding principal amount of the SSII Loan and the actual number of days in the interest period (including the first and the last day of the period)

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As SSII is the controlling shareholder of the Company which is interested in approximately 74.10% of the issued share capital of the Company, the provision of the SSII Loan constitutes a connected transaction of the Company under the Listing Rules. As the SSII Loan is on normal commercial terms or better and is not secured by the assets of the Group, the transaction is fully exempted from reporting, announcement, shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

The Company has obtained consent from the Potential Individual Purchaser (as defined in the 3.7 Announcements) in respect of the SSII Loan and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“3.7 Announcement(s)”	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, 29 December 2023 and 30 January 2024 published pursuant to Rule 3.7 of the Takeovers Code
“Board”	The board of directors of the Company
“Company”	Southwest Securities International Securities Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	Has the meaning ascribed to it under the Listing Rules
“Group”	The Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	Shareholders of the Company
“SSII”	Southwest Securities International Investment Limited, being the controlling shareholder of the Company and the lender in respect of the SSII Loan
“SSII Loan”	The unsecured term loan in the principal amount of no more than HK\$120 million or equivalent
“SSII Loan Agreement”	The agreement dated 31 January 2024 entered into between the Company and SSII in respect of the SSII Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Codes on Takeovers and Mergers issued by the Securities and Futures Commission
“USD Bonds”	The guaranteed bonds issued by the Company on 9 February 2021 with an aggregate principal amount of US\$178,000,000 due 2024 which bear a fixed interest rate of 4.00% per annum and listed on the Stock Exchange (Bond Stock Code: 40594)
“USD Bonds Offering Circular”	The offering circular of the Company dated 10 February 2021 in respect of the USD Bonds

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

Hong Kong, 31 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*