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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)

DECISION OF THE LISTING REVIEW COMMITTEE ON THE COMPANY'S COMPLIANCE WITH RULE 13.24 OF THE LISTING RULES

This announcement is made by Southwest Securities International Securities Limited (the “**Company**”) pursuant to 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 (1) the announcement of the Company dated 17 September 2023 (the “**LD Decision Announcement**”) in relation to, amongst other things, the decision of the Listing Division of the Stock Exchange (the “**Listing Division**”) that the Company had failed to maintain a sufficient level of operations and assets as required under Rule 13.24 of the Listing Rules (the “**LD Decision**”); (2) the announcement of the Company dated 22 September 2023 in relation to the request of the Company for review by the Listing Committee of the Stock Exchange (the “**Listing Committee**”) of the LD Decision; (3) the announcement of the Company dated 29 November 2023 (the “**LC Decision Announcement**”) in relation to the decision of the Listing Committee to uphold the LD Decision (the “**LC Decision**”); and (4) the announcement of the Company dated 6 December 2023 in relation to the request of the Company for review by the Listing Review Committee of the Stock Exchange (the “**Listing Review Committee**”) of the LC Decision. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the aforesaid announcements.

DECISION OF THE LISTING REVIEW COMMITTEE

The Board wishes to inform the shareholders and potential investors of the Company that the review hearing of the LC Decision by the Listing Review Committee (the “**LRC Hearing**”) was held on 5 March 2024. On 18 March 2024, the Company received a letter from the Listing Review Committee notifying that the Listing Review Committee, having

considered all submissions (both written and oral) made by the Company and the Listing Division, was of the view that the Company failed to maintain a sufficient level of operations and assets as required under Rule 13.24 of the Listing Rules to warrant the continued listing of the shares of the Company and decided to uphold the LC Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules (the “**LRC Decision**”).

REASONS FOR THE LRC DECISION

In arriving at the LRC Decision, the Listing Review Committee has adopted similar reasonings of the Listing Division and the Listing Committee, which have been summarised in the LD Decision Announcement and the LC Decision Announcement. On top of those, the Listing Review Committee also pointed out that:

1. The Company’s business had been declining and loss-making for the past years. The main business segments had been declining in revenue and had also incurred segment losses.
2. The Brokerage and Margin Financing Business had incurred segment losses since the financial year ended 31 December 2018 and ceased operation with the Company confirming it had no immediate plans to resume the same.
3. The Corporate Finance Business had been primarily focused on the initial public offering sponsor services but since the licence restriction from the SFC, this business was no longer operated and the Company had no immediate plans to recommence the same. Under the Corporate Finance Business, the Company also conducted the debt capital market (“**DCM**”) business but this had a limited track record recording only minimal revenue. While the Company had projected substantial amount of revenue for the financial year ended 31 December 2023 (“**FY2023**”) and the financial year ending 31 December 2024 (“**FY2024**”), such plans had not been concrete and were not supported by the short track record and the FY2023 first half results. The Corporate Finance Business also included the financial advisory business, but, similar to the DCM business, as at the time of the LRC Hearing, the Company had been unable to demonstrate that this business had developed as for FY2023, the revenue was minimal.
4. The Listing Review Committee considered that the Company had failed to demonstrate that the businesses it had mainly focused on in the past, in particular the Corporate Finance Business, were operated in compliance with Rule 13.24 as of the time of the LRC Hearing, as these businesses had very small operations and plans for their expansion were preliminary and had not yet resulted in an increase in revenue and profits.

5. The Listing Review Committee noted that the Company had focused on development of the Asset Management Business due to the potential opportunities arising from the Proposed Change in Control and business of the Potential Individual Purchaser. The Listing Review Committee noted, however, that these plans at the time of the LRC Hearing appeared to be preliminary.
6. First, the Listing Review Committee noted that the Proposed Change in Control was subject to conditions, including several for which it was unclear when these could be concluded, such as regulatory approvals in the PRC and in Hong Kong. Based on the proposed long stop date for the transaction, it could still take several months for completion with no guarantee that such would be achieved within such time frame.
7. Further, even if the Proposed Change in Control would be completed soon, it was unclear whether the projections for the Company's business would be achievable in the short term or at all. For the Asset Management Business, the Listing Review Committee noted that the forecasts by the Company depended on a number of factors, including, the completion of the Proposed Change in Control, whether its subsidiary Southwest Securities (HK) Asset Management Limited would be appointed as funds manager to earn a higher level of commission, whether the asset-under-management of the funds would develop and grow as projected. Whether and when these factors could be achieved remained uncertain at the time of the LRC Hearing.
8. Insofar as the Company had submitted plans for developing an external asset management business, the Listing Review Committee took the view the Company had failed to demonstrate that it would be able to achieve the projected results based on the preliminary nature of the plans presented by the Company.
9. The Listing Review Committee also considered that based on the net liability position of the Company, the Company had failed to demonstrate it retained sufficient assets to support its operation of a viable and sustainable business pursuant to Rule 13.24.

On balance, and at the time of the LRC Hearing, the Listing Review Committee found that the Company had failed to demonstrate it had a business which was in compliance with Rule 13.24. The Listing Review Committee noted that many of the Company's plans depended on the completion of the Proposed Change in Control, the completion of which as of the time of the LRC Hearing remained uncertain, and, further business to be introduced by and generated from the Potential Individual Purchaser which had not yet materialised and the full impact of which on the Company's business remained uncertain.

The Company will issue further announcement(s) in relation to the potential resumption conditions that may be imposed by the Stock Exchange as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024 remains suspended and will continue to be so until further notice.

Shareholders and potential investors of the Company who have any queries about the implications of the LRC Decision are advised to seek professional advice as they may consider appropriate. Shareholders and potential investors of the Company should exercise caution when dealing with the shares of the Company.

By Order of the Board
Southwest Securities International Securities Limited
Huang Changsheng
Chief Executive Officer

Hong Kong, 19 March 2024

As at the date of this announcement, the executive director of the Company is 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*