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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)**

**ANNOUNCEMENT**  
**DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF**  
**THE LISTING RULES**

**ADVANCE TO AN ENTITY**

The Board is pleased to announce that on 31 March 2017 (after 12:00 noon and before the afternoon trading session), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Facility Agreement with the Borrower and the Guarantor, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$300 million, bearing interest at a rate of twelve percent (12%) per annum for a period of twelve (12) months.

**THE LISTING RULES IMPLICATIONS**

As the Loan to the Borrower constitutes an advance to an entity under Rule 13.13 of the Listing Rules and exceeds 8% under the assets ratio based on the latest published consolidated total assets of the Company as defined under Rule 14.07(1) of the Listing Rules, the advance of the Loan to the Borrower is subject to the general disclosure obligation under Rule 13.15 of the Listing Rules.

The Lender is a securities house and provides financial assistance in its ordinary and usual course of business and upon normal commercial terms by way of securities margin financing in order to facilitate the proposed acquisition of securities listed on the Stock Exchange pursuant to Rule 14.04(1)(e)(iii) of the Listing Rules. Accordingly, the transaction contemplated under the Facility Agreement will be exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

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The Loan is secured by (i) a personal guarantee given by the Guarantor in favour of the Lender for the due and punctual performance of the Borrower and the Guarantor's obligations under the Finance Document; and (ii) the Listco Share Charge in favour of the Lender over the Charged Shares upon the completion of the Proposed Subscription and pursuant to the terms of the Listco Share Charge.

The principal terms of the Facility Agreement are summarized as follows:

## **THE FACILITY AGREEMENT**

- Date:** 31 March 2017
- Lender:** Southwest Securities (HK) Brokerage Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
- Borrower:** Gold Train Investments Limited, a company incorporated under the laws of the British Virgin Islands with company number 1855937 and registered office at 3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110
- Guarantor:** Mr. Poon Sum (潘森), an individual holding Hong Kong Identity Card, who is the ultimate beneficial owner of the Borrower and a shareholder of the Listco as at the date of this announcement
- Principal amount:** HK\$300 million
- Interest Rate:** Interest on the Loan shall accrue at a rate of twelve percent (12%) per annum. The Borrower shall pay interest accrued on the Loan on the last date of each successive period of three (3) Months starting from the date of the Facility Agreement
- Repayment of the Loan:** (i) The Borrower shall repay the Loan on the Termination Date; and (ii) The Borrower may not reborrow any part of the Loan amount which is repaid
- Termination Date:** the date which falls twelve (12) Months from the Utilisation Date, except that, if the Termination Date would otherwise fall on a date which is not a Business Day, it will instead be the immediately preceding Business Day
- Security for the Loan:** The Loan is secured by (i) a personal guarantee given by the Guarantor in favour of the Lender for the due and punctual performance of the Borrower and the Guarantor's obligations under the Finance Document; and (ii) the Listco Share Charge in favour of the Lender over the Charged Shares upon the completion of the Proposed Subscription and pursuant to the terms of the Listco Share Charge

- Service fee:**
- (a) The Borrower shall pay to the Lender a service fee in an aggregate amount equal to HK\$6,000,000 (being an amount equal to 2% of the amount of the Loan) in relation to entering into the Facility Agreement and for the reservation of the Loan. The service fee shall be paid in the following manner:
    - (i) HK\$2,000,000 has been paid by the Borrower to the Lender within seven (7) days from the date of a framework agreement dated 1 January 2017 entered into among the Lender, the Borrower and the Guarantor; and
    - (ii) HK\$4,000,000 will be paid by the Borrower to the Lender within seven (7) days from the date of the Facility Agreement.
  - (b) The service fee is non-refundable.

The terms of the Facility Agreement were arrived at after arm's length negotiations among the Lender, the Borrower and the Guarantor.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Guarantor, the Borrower and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### **INFORMATION ON THE BORROWER**

The Borrower is a company incorporated under the laws of the British Virgin Islands and the ultimate beneficial owner of which is the Guarantor. The Borrower is an investment holding company.

#### **INFORMATION ON THE GUARANTOR**

Mr. Poon Sum (潘森), an individual holding Hong Kong Identity Card, who is the ultimate beneficial owner of the Borrower and a shareholder of the Listco who beneficially owns not less than 3,807,608,000 ordinary Shares in the issued share capital of the Listco upon completion of the Proposed Subscription.

#### **INFORMATION ON THE LISTCO GROUP**

The Listco is a company incorporated in the Cayman Islands and listed on the Stock Exchange with stock code 3344. The Listco is an investment holding company and its subsidiaries are principally engaged in the business of (i) the production and sale of dyed yarn, knitted sweaters and cotton yarns, (ii) the provision of dyeing services and knitting services, and (iii) the trading of cotton and yarns.

## **INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN**

The Loan was collateralised and was made on the basis of the Lender's credit assessments made on (i) the Borrower's financial strength and repayment ability, and (ii) the securities collateral provided by the Borrower. The Company expects that the securities collateral provided by the Borrower for the Loan is sufficient as the loan-to-value ratio of the securities collateral is approximately 8% based on the market value of 3,800,000,000 Shares of the Charged Company as at 30 March 2017 to be charged by the Borrower to the Lender upon completion of the Proposed Subscription. The securities collateral provided by the Borrower will not be released by the Lender unless the Lender gives its prior written consent to the Borrower pursuant to the relevant clauses in the Listco Share Charge, in which case the Borrower shall repay all or part of the outstanding principal together with the interest payable according to the Listco Share Charge and the Facility Agreement. After taking into account the factors as disclosed above in assessing the risks of the advance, the Company considers that the risks involved in the advance to the Borrower are relatively low.

## **THE LISTING RULES IMPLICATIONS**

As the Loan to the Borrower constitutes an advance to an entity under Rule 13.13 of the Listing Rules and exceeds 8% under the assets ratio based on the latest published consolidated total assets of the Company as defined under Rule 14.07(1) of the Listing Rules, the advance of the Loan to the Borrower is subject to the general disclosure obligation under Rule 13.15 of the Listing Rules.

The Lender is a securities house and provides financial assistance in its ordinary and usual course of business and upon normal commercial terms by way of securities margin financing in order to facilitate the proposed acquisition of securities listed on the Stock Exchange pursuant to Rule 14.04(1)(e)(iii) of the Listing Rules. Accordingly, the transaction contemplated under the Facility Agreement will be exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings as specified herein:

“Board”	the board of Directors of the Company
“Borrower”	Gold Train Investments Limited, a company incorporated under the laws of the British Virgin Islands with company number 1855937 and registered office at 3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong

“Charged Shares”	<p>means:</p> <ul style="list-style-type: none"> <li>(i) all the Shares to be acquired by the Borrower representing approximately 73.83% of the issued share capital of the Listco immediately following the completion of the Proposed Subscription, and related rights and interests which are legally and/or beneficially owned by the Borrower and such other Shares which are held from time to time in a custodian account or in certificated form by the Borrower; and</li> <li>(ii) the Future Shares</li> </ul>
“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 meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Facility Agreement”	the Facility Agreement dated 31 March 2017 entered into among the Lender, the Borrower and the Guarantor
“Finance Document”	the Facility Agreement, the warning notice, any security document and any other document designated as such by the Lender and the Borrower
“Future Shares”	<p>means:</p> <p>In the event of any new Shares to be issued by the Listco other than the Subscription Shares:</p> <ul style="list-style-type: none"> <li>(i) all the additional Shares to be issued to the Borrower by the Charged Company pursuant to the Facility Agreement which will be charged in favour of the Lender to guarantee a minimum percentage of the total Charged Shares in the total issued share capital of the Listco on a fully diluted basis; and</li> <li>(ii) related rights and interests which are to be legally and/or beneficially owned by the Borrower in respect of the Future Shares</li> </ul>

“Guarantor”	Mr. Poon Sum (潘森), an individual holding Hong Kong Identity Card, who is the ultimate beneficial owner of the Borrower and a shareholder of the Listco who beneficially owns not less than 3,807,608,000 ordinary Shares in the issued share capital of the Listco upon completion of the Proposed Subscription
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Rate”	the interest rate equivalent to twelve (12%) per annum, or such rate as may be imposed by the Lender, pursuant to the terms and conditions stipulated in the Facility Agreement
“Lender”	Southwest Securities (HK) Brokerage Limited (西證(香港)證券經紀有限公司), a corporation licensed to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and an indirect wholly-owned subsidiary of the Company
“Listco” or the “Charged Company”	Addchance Holdings Limited (互益集團有限公司), a company incorporated in the Cayman Islands and listed on the Stock Exchange with stock code 3344
“Listco Group”	the Listco and its subsidiaries for the time being
“Listco Share Charge”	means the share charge dated on or about the date of the Facility Agreement between the Borrower as chargor and the Lender as chargee, creating security over the Charged Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a term loan in the principal amount of HK\$300 million granted by the Lender to the Borrower pursuant to the terms of the Facility Agreement
“Month”	means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that: <ul style="list-style-type: none"> <li>(i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and</li> </ul>

- (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month

“percentage ratios”	as defined under the Listing Rules
“Proposed Subscription”	the proposed subscription of the Subscription Shares by the Borrower pursuant to the Subscription Agreement
“Shares”	means shares of HK\$0.01 each in the issued share capital of the Charged Company
“Subscription Agreement”	the subscription agreement dated 6 January 2017 in respect of the Proposed Subscription between the Borrower and the Listco
“Subscription Shares”	means the Shares in Listco to be issued and allotted to the Borrower which shall be 3,800,000,000 fully paid ordinary Shares of HK\$0.01 each in the total issued Shares of the Listco, representing approximately 73.83% of the issued share capital of the Listco immediately after the issue of such Shares to the Borrower
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Date”	the date which falls twelve (12) months from the Utilisation Date, except that, if the Termination Date would otherwise fall on a date which is not a Business Day, it will instead be the immediately preceding Business Day
“Utilisation Date”	the date on which the Loan is to be made
“%”	percent

By order of the Board  
**Southwest Securities International Securities Limited**  
**Wu Jian\***  
*Chairman*

Hong Kong, 31 March 2017

*As at the date of this announcement, the executive Directors are Mr. Wu Jian\* (Chairman), Mr. Pu Rui\* (Chief Executive Officer), Mr. Luo Yi, Ms. Zhao Dongmei\*, Ms. Wang Huiyun\* and Mr. Xiong Xiaoqiang\*; and the independent non-executive Directors are Professor Wu Jun\*, Mr. Meng Gaoyuan\* and Mr. Guan Wenwei.*

\* For identification purpose only