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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)

ISSUANCE OF US\$150,000,000 6.75% BONDS DUE 2019

Reference is made to the announcement of the Company dated 8 May 2018 in relation to the Bonds Issue. The Board is pleased to announce that on 10 May 2018, the Company and Southwest Securities entered into the Subscription Agreement with Southwest Securities International, Haitong International, CLSA, Shanghai Pudong Development Bank Hong Kong Branch and Zhongtai International in connection with the Bonds Issue. The Bonds are expected to be issued on or about 15 May 2018.

Southwest Securities will assist the Company in meeting its obligations under the Bonds and the Trust Deed by entering into a keepwell deed.

The gross proceeds of the Bonds Issue, before deducting the underwriting commissions and without taking into account any private banking rebates or other estimated expenses, will amount to US\$150 million.

The Company will seek a listing of the Bonds on the Stock Exchange. A confirmation of the eligibility of the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Bonds.

Completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Bonds Issue may or may not be completed, shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Date: 10 May 2018

Parties: (i) the Company;

(ii) Southwest Securities;

(iii) Southwest Securities International;

(iv) Haitong International;

(v) CLSA;

(vi) Shanghai Pudong Development Bank Hong Kong Branch; and

(vii) Zhongtai International.

Pursuant to the Subscription Agreement, the Company will issue the Bonds and each of Southwest Securities International, Haitong International, CLSA, Shanghai Pudong Development Bank Hong Kong Branch and Zhongtai International will severally and not jointly subscribe and pay for, or procure subscribers to subscribe and pay for the Bonds, subject to certain conditions contained in the Subscription Agreement. Southwest Securities will assist the Company in meeting its obligations under the Bonds and the Trust Deed by entering into a keepwell deed.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Haitong International, CLSA, Shanghai Pudong Development Bank Hong Kong Branch and Zhongtai International is an independent third party and is not a connected person of the Company. Southwest Securities International is a wholly-owned subsidiary of the Company.

The following is a brief summary of the Bonds Issue. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Trust Deed and the Bonds.

THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT. THE BONDS ARE BEING OFFERED OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS S UNDER THE SECURITIES ACT AND WILL NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NONE OF THE BONDS WILL BE PLACED TO ANY CONNECTED PERSONS OF THE COMPANY.

THE BONDS ISSUE

Bonds Offered

Subject to satisfaction of certain conditions to completion, the Company will issue the Bonds.

Issue Price

The issue price of the Bonds will be 100.00% of the principal amount of the Bonds.

Interest

The Bonds will bear interest on their outstanding principal amount from, and including 15 May 2018 at the rate of 6.75 per cent. per annum, payable in arrear on 15 November 2018 and 13 May 2019.

Maturity Date

13 May 2019.

Status of the Bonds

The Bonds will constitute direct, general, unconditional, unsubordinated and (subject to certain condition in the terms and conditions of the Bonds) unsecured obligations of the Company which rank *pari passu* without any preference or priority among themselves and will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Company, save for such obligations as may be preferred by provisions of applicable laws.

Redemption at Maturity

Unless previously redeemed or repurchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Tax Reasons

Subject to certain conditions, the Bonds may be redeemed at the option of the Company in whole, but not in part, at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, at any time in the event of certain changes or amendments affecting taxes of Hong Kong, the PRC or Bermuda.

Redemption for Change of Control

A Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all, but not some only, of that Bondholder's Bonds at 101% of their principal amount, together with accrued interest up to but excluding the put settlement date (as defined in the terms and conditions of the Bonds), upon the occurrence of a change of control (as defined in the terms and conditions of the Bonds) with respect to the Company.

Proceeds of the Bonds Issue

The gross proceeds of the Bonds Issue, before deducting the underwriting commissions and without taking into account any private banking rebates or other estimated expenses, will amount to US\$150 million.

THE KEEPWELL DEED

Date: to be dated 15 May 2018

Parties: (i) the Company;
(ii) Southwest Securities; and
(iii) the Trustee.

Southwest Securities intends to assist the Company in meeting its obligations under the Bonds and the Trust Deed by entering into a keepwell deed. According to the keepwell deed, Southwest Securities will, *inter alia*, cause the Company to maintain a consolidated net worth of at least US\$1.00 (or its equivalent) at all times and to have sufficient liquidity to ensure timely payment of any and all amounts payable by the Company under or in respect of the Bonds in accordance with the Trust Deed and the terms and conditions of the Bonds and any and all payments due under the Trust Deed and the Agency Agreement.

The keepwell deed does not constitute a guarantee by Southwest Securities of the obligations of the Company under the Bonds and the Trust Deed.

REASON FOR THE BONDS ISSUE

The Directors believe that the Bonds Issue will be beneficial to the Company since it will allow the Company to obtain long-term financing from international investors and to improve its capital structure.

The Company currently intends to use the net proceeds from the Bonds Issue for refinancing existing offshore indebtedness and supplementing working capital. The Company may adjust the foregoing plans in response to changing market conditions. The Company will carefully evaluate such situations and may reallocate the use of the net proceeds.

LISTING

The Company will seek a listing of the Bonds on the Stock Exchange. A confirmation of the eligibility of the listing of the Bonds has been received from the Stock Exchange. Admission of the Bonds to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Bonds.

RATING

The Bonds have not been rated.

Completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement. In addition, the Subscription Agreement may be terminated under certain circumstances. As the Bonds Issue may or may not be completed, shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Agency Agreement”	the agency agreement to be entered into among the Company, The Bank of New York Mellon, London Branch (as the trustee of the Bonds, and as principal paying agent), and The Bank of New York Mellon SA/NV, Luxembourg Branch (as registrar and transfer agent) in relation to the Bonds as amended or supplemented from time to time
“Board”	the board of Directors of the Company
“Bondholder(s)”	holder(s) of the Bonds
“Bonds”	US\$150,000,000 principal amount of 6.75% bonds due 2019 proposed to be issued by the Company
“Bonds Issue”	the international offering of the Bonds by the Company
“CLSA”	CLSA Limited
“Company”	Southwest Securities International Securities Limited, a company incorporated with limited liability in Bermuda, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Haitong International”	Haitong International Securities Company Limited
“Hong Kong”	the 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

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan area
“Securities Act”	the United States Securities Act of 1933, as amended
“Shanghai Pudong Development Bank Hong Kong Branch”	Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch
“Southwest Securities”	Southwest Securities Co. Ltd., the controlling shareholder of the Company
“Southwest Securities International”	Southwest Securities (HK) Brokerage Limited, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 10 May 2018 and entered into among the Company, Southwest Securities, Southwest Securities International, Haitong International, CLSA, Shanghai Pudong Development Bank Hong Kong Branch and Zhongtai International in relation to the Bonds Issue
“Trust Deed”	the trust deed to be entered into between the Company, Southwest Securities and the Trustee in relation to the Bonds as amended or supplemented from time to time
“Trustee”	The Bank of New York Mellon, London Branch
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	the U.S. dollars, the lawful currency of the United States
“Zhongtai International”	Zhongtai International Securities Limited

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

Hong Kong, 11 May 2018

As at the date of this announcement, the executive directors of the Company 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 of the Company are Professor Wu Jun*, Mr. Meng Gaoyuan* and Mr. Guan Wenwei.*

* For identification purpose only