

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

Underwriter of the Rights Issue



悅有證券有限公司
EVER JOY SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$159.9 million before expenses by issuing 1,220,610,204 Rights Shares at the Subscription Price of HK\$0.131 per Rights Share.

The nil-paid Rights Shares will be provisionally allotted to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date. The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares.

After deducting the estimated expenses relating to the Rights Issue, the estimated net proceeds of the Rights Issue will be approximately HK\$158.1 million. The Company intends to use the proceeds (i) for the development of the Group's corporate finance business; (ii) for the development of the Group's assets management business; and (iii) as the general working capital of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge the transfers of Shares (with the relevant share certificates) with the Registrar at Shops 1712–16, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 20 March 2019. The last day of dealing in the Shares on a cum-rights basis is Monday, 18 March 2019. The Shares will be dealt with on an ex-rights basis from Tuesday, 19 March 2019.

Irrevocable undertaking of the Controlling Shareholder

As at the date of this announcement, SSII is the Controlling Shareholder of the Company and is interested in 1,811,796,822 Shares, representing approximately 74.22% of the issued share capital of the Company. Pursuant to the Controlling Shareholder’s Undertaking, SSII has irrevocably undertaken to the Company and the Underwriter, among other things:

- (i) to subscribe for (or procure subscription for), by 4:00 p.m. on the Latest Acceptance Date, 905,898,411 Rights Shares to be provisionally allotted to it pursuant to the terms of the Rights Issue in respect of the 1,811,796,822 Shares in which it is beneficially interested;
- (ii) to remain beneficially interested in 1,811,796,822 Shares referred to in (i) above at 5:00 p.m. on the Record Date as it is on the date of this announcement; and
- (iii) if any additional Rights Shares are provisionally allotted to SSII and/or its associates pursuant to the terms of the Rights Issue in respect of any further Shares acquired by SSII and/or its associates on or before 5:00 p.m. on the Record Date, to subscribe for (or procure subscription for), by 4:00 p.m. on the Latest Acceptance Date, those additional Rights Shares.

SSII has also confirmed and undertaken to the Company and the Underwriter that it will not apply, or procure applications to be made, for any excess Rights Shares by way of excess application.

Underwriting Agreement

On 20 February 2019, the Company and the Underwriter entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has agreed, subject to the Rights Issue not being terminated, to fully underwrite the Underwritten Shares, being all the Rights Shares other than those agreed to be, or to be procured to be, taken up by SSII pursuant to the Controlling Shareholder’s Undertaking. As at the date of this announcement, the Underwriter is an Independent Third Party, and not connected with the Company or its connected persons.

As at the date of this announcement, save for the Controlling Shareholder’s Undertaking and the underwriting obligations of the Underwriter under the Underwriting Agreement, the Board has not received any information from any other Shareholders of their intention to take up all or any of the Rights Shares provisionally allotted to them.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting.

GENERAL

The Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders on the Posting Date. The Prospectus (without the PAL and the EAF) will be despatched to the Excluded Shareholders (if any) on the Posting Date for information purposes only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to certain conditions under the Underwriting Agreement. If the conditions are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated pursuant to its terms on or before the Latest Termination Time, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$159.9 million before expenses by issuing 1,220,610,204 Rights Shares at the Subscription Price of HK\$0.131 per Rights Share. Details of the Rights Issue are set out as follows:

Basis of Rights Issue:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.131 per Rights Share
Number of Shares in issue as at the date of this announcement:	2,441,220,409 Shares
Number of Rights Shares:	1,220,610,204 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date), representing: (i) approximately 50.00% of the issued share capital of the Company; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the issue and allotment of the Rights Shares

Number of Rights Shares underwritten by the Underwriter:	Not more than 314,711,793 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date), being the total number of the Rights Shares less the 905,898,411 Rights Shares undertaken to be taken up by SSII or procured to be taken up pursuant to the Controlling Shareholder's Undertaking
Aggregate nominal value of the Rights Shares:	HK\$122,061,020.40
Underwriter:	Ever Joy Securities Limited
Funds raised before expenses:	Approximately HK\$159.9 million

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued after the date of this announcement and on or before the Record Date.

As at the date of this announcement, the Company has no outstanding warrants, options or convertible securities that are convertible into the Shares. The Company has no intention to issue or grant any warrants, options or convertible securities that are convertible into the Shares on or before the Record Date.

Irrevocable Undertaking of the Controlling Shareholder

As at the date of this announcement, SSII is the Controlling Shareholder of the Company and is interested in 1,811,796,822 Shares, representing approximately 74.22% of the issued share capital of the Company. Pursuant to the Controlling Shareholder's Undertaking, SSII has irrevocably agreed and undertaken to the Company and the Underwriter, among other things:

- (i) to subscribe for (or procure subscription for), by 4:00 p.m. on the Latest Acceptance Date, 905,898,411 Rights Shares to be provisionally allotted to it pursuant to the terms of the Rights Issue in respect of 1,811,796,822 Shares in which it is beneficially interested;
- (ii) to remain beneficially interested in 1,811,796,822 Shares referred to in (i) above at 5:00 p.m. on the Record Date as it is on the date of this announcement; and
- (iii) if any additional Rights Shares are provisionally allotted to SSII and/or its associates pursuant to the terms of the Rights Issue in respect of any further Shares acquired by SSII and/or its associates on or before 5:00 p.m. on the Record Date, to subscribe for (or procure subscription for), by 4:00 p.m. on the Latest Acceptance Date, those additional Rights Shares.

SSII has also confirmed and undertaken to the Company and the Underwriter that it will not apply, or procure applications to be made, for any excess Rights Shares by way of excess application.

As at the date of this announcement, save for the Controlling Shareholder's Undertaking and the underwriting obligations of the Underwriter under the Underwriting Agreement, the Board has not received any information from any other Shareholders of their intention to take up all or any of the Rights Shares provisionally allotted to them.

Subscription Price

The Subscription Price, being HK\$0.131 per Rights Share, is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

The Subscription Price represents:

- (i) a discount of approximately 14.94% to the theoretical ex-rights price of approximately HK\$0.154 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.61% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 16.98% to the average of the closing prices of Shares for the five (5) consecutive trading days ended on the Last Trading Day of approximately HK\$0.158 per Share;
- (iv) a discount of approximately 12.55% to the average of the closing prices of Shares for the ten (10) consecutive trading days ended on the Last Trading Day of approximately HK\$0.150 per Share;
- (v) a premium of approximately 111.30% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2018 as extracted from the interim report of the Company for the six months ended 30 June 2018 of approximately HK\$0.062 per Share.

The Subscription Price was determined by the Directors with reference to the recent closing prices of the Shares, the financial conditions of the Company and the prevailing market conditions. The net price per Rights Share (net of expenses of the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$0.130.

In view of the above and taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and intended use of proceeds” below, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares held by a Qualifying Shareholder on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by 4:00 p.m. on the Latest Acceptance Date.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge the transfers of Shares (with the relevant share certificates) with the Registrar at Shops 1712-16, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 20 March 2019.

The last day of dealing in the Shares on a cum-rights basis is Monday, 18 March 2019. The Shares will be dealt with on an ex-rights basis from Tuesday, 19 March 2019.

The Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders on the Posting Date.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Excluded Shareholders

Based on the latest shareholders information available to the Company, there is no Overseas Shareholder. If there are Overseas Shareholders on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Prospectus will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong. The Directors will make enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, after making such enquiries and based on legal opinion provided by the legal advisers to the Company, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange to exclude such Overseas Shareholders from the Rights Issue, no Rights Shares will be offered to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Prospectus (without the PAL and the EAF) will be despatched to the Excluded Shareholders (if any) on the Posting Date for information purposes only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if

a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amount of less than HK\$100 for the benefit of the Company. Any unsold entitlements of the Excluded Shareholders will be made available for excess application on the EAF by the Qualifying Shareholders.

Overseas Shareholders should note that he/she/it may or may not be entitled to the Rights Issue, subject to the results of the enquiries to be made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Excluded Shareholders should exercise caution when dealing in the Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on a record date which is on or after the date of allotment and issue of the fully-paid Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company and more particularly described in the section headed “Application for excess Rights Shares” below. No odd-lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholders had they been Qualifying Shareholders;
- (ii) any unsold Rights Shares created by adding together fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for excess Rights Shares may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for by 4:00 p.m. on the Latest Acceptance Date.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Shops 1712–16, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 20 March 2019.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be fully taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange.

The board lot size of nil-paid Rights Shares is the same as that of the fully-paid Rights Shares of 2,000 Shares.

No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, or any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post, at the Shareholders' own risks, on or before Thursday, 25 April 2019.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 25 April 2019 by ordinary post to the applicants at their own risk.

Conditions of the Rights Issue

The Rights Issue will be conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to the section headed "The Underwriting Agreement — Conditions of the Underwriting Agreement" below.

THE UNDERWRITING AGREEMENT

On 20 February 2019, the Company and the Underwriter entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has agreed, subject to the Rights Issue not being terminated, to fully underwrite the Underwritten Shares, being all the Rights Shares other than those agreed to be, or to be procured to be, taken up by SSII pursuant to the Controlling Shareholder's Undertaking. The terms of the Underwriting Agreement is set out below:

Date:	20 February 2019
Parties:	(i) The Company (as issuer); and (ii) Ever Joy Securities Limited (as Underwriter).
Number of Underwritten Shares	Not more than 314,711,793 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date), being the total number of the Rights Shares less the 905,898,411 Rights Shares undertaken to be taken up by SSII pursuant to the Controlling Shareholder's Undertaking
Commission:	The Underwriter will receive a commission in respect of its underwriting of the Rights Issue at 2.5% of the aggregate Subscription Price of the maximum number of the Underwritten Shares taken by it

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information of the Underwriter

The Underwriter, Ever Joy Securities Limited, is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. It does not hold any Shares as at the date of this announcement.

As at the date of this announcement, the Underwriter is an Independent Third Party, and not connected with the Company or its connected persons.

Conditions of the Underwriting Agreement

The obligations of the Underwriter to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by the Underwriter and subject as mentioned below) of the following conditions:

- (a) the passing of all the necessary resolution(s) by the Board on or before the Posting Date to approve the Rights Issue;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);
- (c) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (without the PAL and the EAF) to the Excluded Shareholders, if any, for information purposes only on or before the Posting Date;
- (e) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (f) the compliance with and performance of all undertakings and obligations by SSII under the Controlling Shareholder's Undertaking; and
- (g) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms therein.

The obligations and liabilities of the parties under the Underwriting Agreement shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches and claims thereof) if any of the above conditions have not been fulfilled when and as required by the Underwriting Agreement or waived or by the Underwriter.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Termination Time, if:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which will in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue;
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
 - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out after the signing the Underwriting Agreement which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
 - (iv) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Share generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and imposition of economic sanctions on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group occurs which in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Termination Time any material breach of any of the warranties comes to the knowledge of the Underwriter and such material breach will have a material and adverse effect on the business, financial or trading position or prospect of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders (other than SSII))		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
SSII	1,811,796,822	74.22	2,717,695,233	74.22	2,717,695,233	74.22
The Underwriter (<i>Note 1</i>)	—	—	314,711,793	8.59	—	—
Other public Shareholders	<u>629,423,587</u>	<u>25.78</u>	<u>629,423,587</u>	<u>17.19</u>	<u>944,135,380</u>	<u>25.78</u>
Total	<u><u>2,441,220,409</u></u>	<u><u>100</u></u>	<u><u>3,661,830,613</u></u>	<u><u>100</u></u>	<u><u>3,661,830,613</u></u>	<u><u>100</u></u>

Note:

- The above information is for illustration purpose only. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for any untaken Rights Shares pursuant to its underwriting obligations, the Underwriter shall use its best endeavours to ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be third Party(ies) independent of, not acting in concert (within the meaning of the Takeovers Code); (ii) the public float requirements under Rule 8.08(1) of the Listing Rules shall be complied with by the Company; and (iii) the Underwriter will not (together with its parties acting in concert) hold in aggregate 10% or more of the voting rights of the Company upon completion of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in brokerage and margin financing, corporate finance, wealth management, asset management and proprietary trading.

The Board considers that it is prudent to finance the Group's long term growth by way of the Rights Issue which will not only strengthen the Group's capital base and enhance its financial position without increasing finance costs, but will also allow all Qualifying Shareholders the opportunity to participate in the growth of the Group through the Rights Issue at a price lower than the current market price of the Shares. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. After deducting the estimated expenses relating to the Rights Issue, the estimated net proceeds of the Rights Issue will be approximately HK\$158.1 million. The Company intends to use the net proceeds in the following manner:

- approximately 40% (approximately HK\$63.2 million) of the net proceeds will be used for the development of the Group's corporate finance business;
- approximately 30% (approximately HK\$47.4 million) of the net proceeds will be used for the development of the Group's assets management business; and
- the remaining of the net proceeds will be used as the general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to certain conditions under the Underwriting Agreement. If the conditions are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated pursuant to its terms on or before the Latest Termination Time, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable of the Rights Issue is as follows:

EVENT	TIMELINE
Announcement.....	Wednesday, 20 February 2019
Last day of dealings in the Shares on a cum-rights basis.....	Monday, 18 March 2019
First day of dealings in the Shares on an ex-rights basis.....	Tuesday, 19 March 2019
Latest time and date for lodging share transfer documents in order to qualify for the Rights Issue.....	4:30 p.m. on Wednesday, 20 March 2019
Closure of register of members of the Company for determining the entitlement for the Rights Issue (both dates inclusive).....	From Thursday, 21 March 2019 to Wednesday, 27 March 2019
Record Date for determining entitlements to the Rights Issue.....	Wednesday, 27 March 2019
Register of members of the Company re-opens.....	Thursday, 28 March 2019
Despatch of the Prospectus Documents (in the case of the Excluded Shareholders, Prospectus only).....	Thursday, 28 March 2019
First day of dealings in nil-paid Rights Shares.....	Monday, 1 April 2019
Latest time and date for splitting nil-paid Rights Shares.....	4:30 p.m. on Wednesday, 3 April 2019
Last day of dealings in nil-paid Rights Shares.....	Tuesday, 9 April 2019
Latest time and date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares.....	4:00 p.m. on Friday, 12 April 2019
Latest time and date for termination of Underwriting Agreement and for the Rights Issue to become unconditional.....	4:00 p.m. on Thursday, 18 April 2019
Announcement of the allotment results of the Rights Issue.....	Wednesday, 24 April 2019
Despatch of share certificates for the Rights Shares.....	Thursday, 25 April 2019
Despatch of refund cheques if the Rights Issue does not proceed or in respect of wholly or partially unsuccessful application(s) for excess Rights Shares.....	Thursday, 25 April 2019
First day of dealings in the fully-paid Rights Shares.....	9:00 a.m. on Friday, 26 April 2019

Note: All times and dates specified in this announcement refer to Hong Kong local times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate in accordance with the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 March 2019 to Wednesday, 27 March 2019 (both dates inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 12 April 2019, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 12 April 2019, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Friday, 12 April 2019, the dates mentioned in the expected timetable above may be affected. An announcement will be made by the Company in such event.

LISTING RULES IMPLICATIONS

Given that the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting.

GENERAL

The Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders on the Posting Date. The Prospectus (without the PAL and the EAF) will be despatched to the Excluded Shareholders (if any) on the Posting Date for information purposes only.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Southwest Securities International Securities Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder’s Undertaking”	the irrevocable undertaking dated 20 February 2019 given by SSII in favour of the Company and the Underwriter as described in this announcement
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Rights Shares in excess of their entitlements under the Rights Issue
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange and based on legal opinion provided by the legal advisers to the Company, consider it necessary or expedient to exclude them from the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	20 February 2019, being the last full trading day before the release of this announcement
“Latest Acceptance Date”	12 April 2019, being the last day for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Latest Termination Time”	4:00 p.m. on 18 April 2019, or such other time and date as the Company and the Underwriter may agree
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	the Shareholder(s) (whose name(s) appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	28 March 2019, or such later date as may be agreed between the Underwriter and the Company in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Qualifying Shareholders”	other than the Excluded Shareholders, Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	27 March 2019, or such other date as may be agreed between the Company and the Underwriter for determining the entitlements under the Rights Issue

“Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) existing Shares on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SSII”	Southwest Securities International Investment Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of SWSC and the Controlling Shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.131 per Rights Share under the Rights Issue
“SWSC”	西南證券股份有限公司 (Southwest Securities Co., Ltd.*), a company established in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange (stock code: 600369)
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-Backs issued and administered by the Securities and Futures Commission of Hong Kong
“Underwriter”	Ever Joy Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 20 February 2019 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

“Underwritten Shares” all the Rights Shares to be underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

“%” per cent.

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

Hong Kong, 20 February 2019

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 Dr. Guan Wenwei.*

** for identification purposes only*