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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)

QUARTERLY UPDATE ON STATUS OF RESUMPTION

This announcement is made by the board of directors of Southwest Securities International Securities Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A of the Listing Rules.

Reference is made to the Company’s announcements (i) dated 17 September 2023, 22 September 2023, 29 November 2023, 6 December 2023, 4 March 2024, 19 March 2024, 28 March 2024; (ii) the announcements (the “**Quarterly Update Announcements**”) dated 3 June 2024, 27 June 2024 and 3 September 2024 in relation to the quarterly update on the Company’s resumption status; and (iii) the joint announcement (the “**Joint Announcement**”) made by the Company and Ocean Wisdom Investments Limited (as the Offeror) dated 21 June 2024 in relation to, among others, the signing of the Sale and Purchase Agreement between Mr. Wong Man Hin Max (the “**Purchaser**”) and Southwest Securities International Investment Limited (西證國際投資有限公司) (“**SSII**”), pursuant to which the Purchaser conditionally agreed to acquire 2,713,469,233 Shares (representing approximately 74.1% of the total issued shares of the Company) from SSII (collectively, the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

UPDATE ON BUSINESS OPERATIONS OF THE GROUP

The Group’s principal businesses including brokerage and margin financing, corporate finance, asset management and proprietary trading. Since the publication of the Quarterly Update Announcements up to the date of this announcement, the said principal businesses have no material change and are under normal day-to-day operations as follows:

Brokerage and margin financing

The Group’s brokerage and margin financing business includes agency trading of securities, margin financing and related services.

In order to enhance cost efficiency, the Group has ceased the direct operation of futures and options business since December 2021. The Group has suspended the direct operation of brokerage business since 20 May 2022 and had remodeled its business by securing multiple sources of referral by entering into client referral agreements with securities brokers in Hong Kong.

Corporate finance

The Group's corporate finance business includes financial advisory services, underwriting and placement services to corporate clients.

In response to the challenging business environment surrounding the corporate finance business, the Company and the Purchaser have strategised to re-deploy resources to the development of the financial advisory business. As of the date of this announcement, the Group is in the process of negotiating and securing corporate finance projects engagements with various Main Board and GEM listed companies.

Asset management

The Group's asset management business mainly provides services, including investment management, investment advisory and external asset management services.

The Group currently focus the resources in procuring new business engagements and opportunities for investment advisory and investment management services.

Proprietary trading

The Group is continuing its investment strategy since the second half of 2022, strengthening its risk control management, and focusing on high-level fixed income investments.

RESUMPTION PLAN AND PROGRESS

As disclosed in the Resumption Guidance Announcement, the Company should (i) inform the market of all material information for the Shareholders and investors of the Company to appraise the Company's position; and (ii) demonstrate its compliance with Rule 13.24 of the Listing Rules.

As at the date of this announcement, the Company has announced all material information it considers necessary and appropriate for the Shareholders and investors of the Company to appraise the Company's position. Further announcement(s) will be published to inform the Shareholders and investors of the Company of any significant developments as and when appropriate in compliance with the requirements of the Listing Rules.

It has been the common goal of the Company and the Purchaser to improve the business and financial performance of the Group so as to comply with Rule 13.24 of the Listing Rules. Furthermore, as stated in the Joint Announcement, the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. Based on the recent negotiations between the Company and the Purchaser, upon completion of the transactions contemplated under the Sale and Purchase Agreement (the “**Sale and Purchase Transactions**”), the Purchaser is expected to introduce new business opportunities and engagements to the Group and revitalize the Company’s businesses with a particular focus on the corporate finance and asset management segments as follows:

Corporate Finance

Under the current challenging industry environment and the macroeconomic climate, the Company maintains its view that it is not suitable to reinstate its business in relation to sponsor services to IPO applicants at the moment and will consider the business plan to revive the sponsor service business upon improvement of market conditions.

In light of the above, the Company and the Purchaser remain committed in developing the financial advisory business. As at the date of this announcement, the Group has completed one financial advisory project since 1 January 2024. The Group intends to actively explore new opportunities for the financial advisory projects engagements.

The debt capital market business, which commenced operation since December 2021, stood as a pivotal initiative within the Group’s broader strategy primarily aimed at diversifying revenue streams for the corporate finance business. As at the date of this announcement, the Group has one project ongoing.

Asset Management

With the support from the Purchaser, the Group had engaged with two companies to provide investment advisory services. On the other hand, to diversify the revenue stream of the asset management business, the Group is developing business relationships with major banks through engagement as external asset managers of professional investors, and providing wealth management services for high net worth customers. As at the date of this announcement, the Group has signed relevant business agreements with three third-party financial institutions. The Group will continue to negotiate with potential financial institutions, funds and retail professional investors to procure further clients.

As for the brokerage and margin financing business, as well as the proprietary trading business, the Company intends to continue operating these segments as per their existing model.

The Company believes that with the support from the Purchaser, it will be able to more effectively implement its resumption plan and demonstrate the viability and sustainability of its business operations. The Company is of the view that with the successful implementation of the resumption plan, the Company's business operation and financial performance will record a significant improvement thereby enabling the Company to comply with the Rule 13.24 of the Listing Rules and fulfil the Resumption Guidance.

Shareholders and potential investors of the Company should note that the above resumption plan may subject to possible adjustments due to external or unpredictable factors beyond the Company's control, such as change in macroeconomic market conditions, geopolitical situations, government policies and regulatory requirements, outbreak of pandemic or occurrence of natural disaster, etc.. Furthermore, Shareholders and potential investors of the Company should note that the completion of the Sale and Purchase Transactions is conditional upon the satisfaction or waiver (as may be applicable) of various conditions precedent. The implementation of the above resumption plan may be affected by the status and progress of the Sale and Purchase Transactions.

CONTINUED SUSPENSION OF TRADING

Trading in the 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 the Company fulfils the Resumption Guidance (and any supplement or modification thereto).

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Southwest Securities International Securities Limited
Huang Changsheng
Executive Director and Chief Executive Officer

Hong Kong, 3 December 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 purposes only*