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 OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Southwest Securities International Securities Limited (the "Company") presents to its shareholders (the "Shareholders") the consolidated final results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 (the "Review Period"):

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Fee and commission income		**71,703**	59,428
Interest income		**59,025**	51,782
Net investment gains (losses)		**109,369**	(19,172)
Total revenue	*2*	**240,097**	92,038
Other income and gains	*4*	**64,762**	140,495
Total revenue and other income and gains		**304,859**	232,533
Fee and commission expenses		**(24,857)**	(12,173)
Fair value change on derivative financial assets		**(5,851)**	(4,155)
Fair value change on derivative financial liabilities		**135,367**	(59,715)
Finance costs	*5a*	**(117,878)**	(119,491)
Staff costs	*5b*	**(96,212)**	(74,298)
Depreciation		**(9,112)**	(5,147)
Other operating expenses		**(182,224)**	(124,740)
Total expenses		**(300,767)**	(399,719)
Profit (Loss) before tax	*5*	**4,092**	(167,186)
Income tax (expense) credit	*6*	**(3,000)**	263
Profit (Loss) for the year attributable to equity shareholders of the Company		**1,092**	(166,923)

	Note	2017 HK$'000	2016 HK$'000
Other comprehensive income (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign subsidiaries		**680**	(542)
Change in fair value of available-for-sale financial assets		**–**	(5,117)
Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets		**12,069**	–
Other comprehensive income (loss) for the year, net of tax		**12,749**	(5,659)
Total comprehensive income (loss) for the year attributable to equity shareholders of the Company		**13,841**	(172,582)
Earnings (Loss) per share			
— Basic *(HK cents)*	*7*	**0.045**	(6.838)
— Diluted *(HK cents)*	*7*	**0.045**	(6.838)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Fixed assets		**20,429**	15,017
Intangible assets		**–**	–
Available-for-sale financial assets		**1,247**	84,535
Other non-current assets		**6,033**	4,670
		27,709	104,222
Current assets			
Held-to-maturity investments		**–**	111,170
Available-for-sale financial assets		**–**	233,477
Loans and advances		**30**	41
Financial assets at fair value through profit or loss	*8*	**790,261**	396,717
Derivative financial assets		**–**	5,851
Accounts receivable	*9*	**612,082**	391,477
Deposits, prepayments and other receivables		**124,521**	276,628
Pledged deposits		**–**	1,247
Cash and bank balances		**645,184**	623,543
		2,172,078	2,040,151
Current liabilities			
Bonds payable	*12*	**1,797,552**	–
Derivative financial liabilities	*10*	**75,019**	187,230
Accounts payable	*11*	**25,526**	20,777
Other payables and accrued charges		**49,780**	42,140
Tax payable		**3,000**	–
		1,950,877	250,147
Net current assets		**221,201**	1,790,004
Total assets less current liabilities		**248,910**	1,894,226
Non-current liabilities			
Bonds payable	*12*	**–**	1,659,157
NET ASSETS		**248,910**	235,069
Capital and reserves			
Share capital		**244,121**	244,121
Reserves		**4,789**	(9,052)
TOTAL EQUITY		**248,910**	235,069

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The measurement basis used in the preparation of these consolidated financial statements is the historical cost basis except for certain available-for-sale financial assets and financial assets at fair value through profit or loss, including derivative financial assets/liabilities, which are measured at fair value.

The consolidated financial statements are presented in the currency of Hong Kong dollars, which is also the Company's functional currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2016.

New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS	*Annual Improvements to HKFRSs, 2014–2016 Cycle*

The adoption of these amendments did not have any impact on the amounts in prior periods. Most of the amendments will also not affect the current or future periods. However, the amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Bonds repayment in May 2018

The Renminbi denominated bonds with a principal amount of RMB1,500,000,000 issued by the Group in May 2015 will be repaid in May 2018 as agreed. In addition, the final conversion amount under the cross-currency swap agreement entered into by the Group in June 2015 will be delivered in May 2018, i.e. the Group will receive RMB1,500,000,000 by paying HK$1,872,659,000.

As shown in the Group's consolidated statement of financial position as at 31 December 2017, financial assets at fair value through profit or loss and cash and bank balance amounted to HK$1,435,445,000 in aggregate, which were insufficient to deliver the final conversion as agreed under the cross-currency swap agreement, nor could the bonds be repaid on the maturity date. These matters and conditions reflect concerns which may have significant impact about the Group's financial position.

In view of that, the Group had launched a refinancing plan at the end of current reporting period which is in smooth progress to date. The recordation and registration procedures for issuance of overseas bonds with the National Development and Reform Commission of the People's Republic of China ("PRC") were completed in February 2018. The Group had also prepared its cash flow projection for the next year from the end of the reporting period. In the opinion of the Directors, in light of the above, the Group will have sufficient working capital and recourse to financing to sustain its operations and remain as a going concern in the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. REVENUE

	Note	2017 HK$'000	2016 HK$'000
Fee and commission income:			
Brokerage commission income:			
— securities dealing		**12,523**	10,885
— underwriting and placing		**11,804**	15,648
— futures and options dealing		**6,445**	2,382
Advisory fee, insurance broking fee and asset management fee income:			
— corporate finance advisory		**22,535**	24,909
— corporate finance arrangement and commitment		**11,525**	–
— insurance broking		**6,684**	5,604
— asset management	*(i)*	**187**	–
		71,703	59,428
Interest income:			
— margin financing		**48,329**	51,780
— loans and advances		**10,696**	2
		59,025	51,782
Net investment gains (losses):			
— net results from proprietary trading	*(ii)*	**109,369**	(19,172)
		240,097	92,038

Notes:

(i) During the year, Southwest Securities (HK) Asset Management Limited ("SWSAM"), an indirect wholly-owned subsidiary of the Company, received management fee income from Southwest SPC Fund (the "SPC Fund") amounted to HK$187,000 *(2016: HK$Nil)*. The details of the SPC Fund are set out in note 8(iv).

(ii) Net results from proprietary trading

	2017 HK$'000	2016 HK$'000
Net gain (loss) on trading securities	**118,467**	(17,691)
Net gain (loss) on debt securities	**4,710**	(4,100)
Net gain (loss) on fund investments	**7,069**	(5,773)
Net (loss) gain on derivatives	**(35,524)**	2,009
Dividend income from listed equities	**7,729**	6,112
Interest income from debt securities	**6,239**	271
Dividend income from unlisted fund investment	**679**	–
	109,369	(19,172)

3. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments based on the Group's internal reporting in respect of these segments. For the purposes of resource allocation and assessment of segment performance, the Directors monitor the results attributable to each reportable segment on the following basis:

— Segment revenue represents revenue generated from external customers; and

— Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, depreciation, gain on disposal of available-for-sale financial assets and income tax credit or expense.

Segment assets and liabilities are not disclosed as they are not considered as crucial for resources allocation and thereby not being regularly provided to the Directors.

Reportable operating segments

The Directors consider brokerage and margin financing, wealth management, corporate finance, proprietary trading, asset management and money lending are the Group's major operating segments.

	2017							
	Brokerage and margin financing *HK$'000*	Wealth management *HK$'000*	Corporate finance *HK$'000*	Proprietary trading *HK$'000*	Asset management *HK$'000*	Money lending *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Segment revenue	**79,101**	**6,684**	**34,060**	**109,369**	**187**	**10,696**	**-**	**240,097**
Fee and commission expenses	**(10,928)**	**(2,594)**	**(1,497)**	**(8,931)**	**(80)**	**(827)**	**-**	**(24,857)**
Segment results	**14,213**	**(3,427)**	**5,240**	**50,084**	**107**	**1,239**	**2,829**	**70,285**
Unallocated expenses, represented central administration costs								**(25,844)**
Depreciation								**(9,112)**
Unallocated finance costs								**(40,180)**
Gain on disposal of available-for-sale financial assets — non-current assets								**8,943**
Income tax expense								**(3,000)**
Profit for the year								**1,092**

	2016						
	Brokerage and margin financing *HK$'000*	Wealth management *HK$'000*	Corporate finance *HK$'000*	Proprietary trading *HK$'000*	Money lending *HK$'000* (reclassified)	Other operations *HK$'000* (reclassified)	Consolidated *HK$'000*
Segment revenue	80,695	5,604	24,909	(19,172)	2	–	92,038
Fee and commission expenses	(5,490)	(2,215)	(1,255)	(3,213)	–	–	(12,173)
Segment results	(73,416)	(3,613)	(11,966)	(54,371)	(750)	43,357	(100,759)
Unallocated expenses, represented central administration costs							(23,088)
Depreciation							(5,147)
Unallocated finance costs							(38,192)
Income tax credit							263
Loss for the year							(166,923)

Geographical segments

The geographical location of customers is based on the location at which the services were provided. During the years ended 31 December 2017 and 31 December 2016, the Group's revenue is mainly derived from customers in Hong Kong.

The geographical location of the non-current assets, other than financial instruments ("specified non-current assets"), is based on the physical location of the assets. The principal specified non-current assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical segment was provided.

Major customers

During the years ended 31 December 2017 and 31 December 2016, the following respective external customers contributed more than 10% of total revenue of the Group. For major customers' consideration, the total revenue of the Group excludes the net results from proprietary trading.

	2017 *HK$'000*	2016 *HK$'000*
Customer A from brokerage and margin financing and corporate finance segments	**30,096**	N/A*
Customer B from brokerage and margin financing segment	**N/A***	26,719

* Customer A did not contribute more than 10% of total revenue of the Group during the year ended 31 December 2016 and Customer B did not contribute more than 10% of total revenue of the Group during the year ended 31 December 2017.

4. OTHER INCOME AND GAINS

	Note	**2017** **HK$'000**	2016 HK$'000
Other income			
Dividend income from available-for-sale financial assets		**2,122**	2,019
Handling income		**1,517**	960
Other interest income		**13,937**	42,516
Sundry income		**583**	192
		18,159	45,687
Other gains			
Exchange gains, net	*(i)*	**–**	94,773
Gain on disposal of available-for-sale financial assets — non-current asset		**8,943**	–
Reversal of allowance for doubtful debts		**37,660**	35
		46,603	94,808
		64,762	140,495

Note:

(i) Include an amount of HK$Nil for the year ended 31 December 2017 *(2016: HK$101,006,000)* representing an exchange gain arising on retranslation to Hong Kong dollars at the spot rate at the end of the year in respect of bonds payable denominated in Renminbi ("RMB"). Detailed information is set out in note 12. An exchange loss arose for the year ended 31 December 2017 (see note 5).

5. PROFIT (LOSS) BEFORE TAX

	Note	2017 HK$'000	2016 HK$'000
Profit (Loss) before tax is arrived at after charging:			
(a) Finance costs			
Bank loan interest expenses		**49**	2
Bond interest expenses		**111,303**	113,443
Imputed interest expenses on bonds payable		**6,351**	6,041
Other interest expenses		**175**	5
		117,878	119,491
(b) Staff costs			
Salaries, commission and allowances		**94,427**	72,728
Contributions to retirement benefit schemes		**1,785**	1,570
		96,212	74,298
(c) Other items			
Auditor's remuneration			
— Audit-related assurance services		**1,550**	1,495
— Other services		**5**	154
Exchange losses, net	*(i)*	**126,679**	–
Impairment loss on accounts receivable		**5,150**	81,275
Loss on disposal of available-for-sale financial assets			
— current asset		**1,377**	–
Loss on disposal of fixed assets		**117**	–
Operating lease payments on premises		**18,010**	11,365

Note:

(i) Include an amount of HK$132,044,000 *(2016: HK$Nil)* representing an exchange loss arising on retranslation to Hong Kong dollars at the spot rate at the end of the year in respect of bonds payable denominated in RMB. Detailed information is set out in note 12.

6. INCOME TAX (EXPENSE) CREDIT

Hong Kong Profits Tax has been provided in the consolidated financial statements at the rate of 16.5% *(2016: no provision for income tax)* on a subsidiary's estimated assessable profits arising from Hong Kong. Hong Kong Profits Tax has not been provided for other entities within the Group as they either incurred losses for taxation purpose or their estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years or they incurred no assessable profits. For the year ended 31 December 2016, the income tax credit represents over-provision of Hong Kong Profits Tax in prior years.

The income tax provision in respect of operations in the PRC, if applicable, is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. PRC Enterprise Income Tax has not been provided as the operations in PRC either had no assessable profits or the estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years.

In the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions.

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
— Current tax charge	**(3,000)**	–
— Over-provision in prior years	**–**	263
	(3,000)	263

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the profit (loss) attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

	2017	2016
	HK$'000	*HK$'000*
Profit (Loss) for the year attributable to equity shareholders of the Company	**1,092**	(166,923)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares in issue for the purpose of basic earnings (loss) per share *(Note)*	**2,441,220**	2,441,220
Basic earnings (loss) per share *(HK cents)*	**0.045**	(6.838)
Diluted earnings (loss) per share *(HK cents)*	**0.045**	(6.838)

Note:

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2017 and 31 December 2016. Accordingly, the diluted earnings (loss) per share for the respective periods are the same as basic earnings (loss) per share.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2017 HK$'000	2016 HK$'000
Held for trading			
Equity securities			
— Listed in Hong Kong	*(i)*	**239,021**	340,875
— Listed outside Hong Kong	*(i)*	**31,150**	2,186
		270,171	343,061
Debt securities			
— Listed in Hong Kong	*(ii)*	**344,415**	–
— Listed outside Hong Kong	*(ii)*	**30,064**	26,568
		374,479	26,568
Unlisted fund investments	*(iii) and (iv)*	**145,611**	27,088
		790,261	396,717

Notes:

(i) Fair values of the listed equity securities are determined with reference to quoted active market bid price on the respective stock exchange at the end of each reporting period.

(ii) Fair values of the listed debt securities are determined with reference to quoted active market bid price on the respective stock exchange at the end of each reporting period.

(iii) For the unlisted fund investments, the fair values are determined by their net assets values quoted by the relevant investment trusts with reference to the underlying assets (mainly are listed securities) of the funds. The unlisted fund investments included investment in the SPC Fund, of which the details are set out in note (iv).

(iv) The Group participated with two independent third parties in a non-listed investment fund in Cayman Islands in September 2017 with a principal business of investment in the securities traded in the Hong Kong stock market, including listed stocks, preference shares or convertible securities. In November 2017, SWSAM was appointed as the investment manager of the fund. After considering the terms and conditions of the relevant arrangement, including but not limited to the scopes of decision-making authority, rights held by other parties, its remuneration structure and exposure to variability of returns through other interests, the management considers that the Group has no control rights nor significant influence on the fund, and therefore, it is unnecessary to consolidate the financial results of the fund into the Group's consolidated financial statements and its results are accounted as financial assets at fair value through profit or loss instead.

(v) The Group has not pledged any equity securities at 31 December 2017 to a bank as collateral for the banking facilities granted *(2016: Nil)*.

9. ACCOUNTS RECEIVABLE

	Note	**2017** **HK$'000**	2016 *HK$'000*
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
— securities cash clients	*(b)(i)*	**13,581**	5,127
— securities margin clients	*(b)(ii)*	**517,905**	280,766
— securities subscription clients	*(b)(iii)*	**254**	–
— securities and options clearing houses and brokers	*(b)(iii)*	**66,630**	98,868
— futures clients	*(b)(iv)*	**11**	20
— futures clearing house and brokers	*(b)(iv)*	**3,786**	3,604
Accounts receivable arising from the provision of corporate finance advisory services	*(b)(v)*	**7,143**	2,669
Accounts receivable arising from the provision of insurance broking services	*(b)(vi)*	**572**	423
Accounts receivable arising from the provision of asset management services	*(b)(vii)*	**2,200**	–
		612,082	391,477

Notes:

(a) Settlement terms

The settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are one to three trading days after the transaction date.

Accounts receivable arising from the subscription of initial public offer ("IPO") of listed companies in Hong Kong on behalf of clients are settled upon the share allotments of such listed companies.

Accounts receivable arising from the ordinary course of business of broking in index, commodity and currency futures contracts and options represent the margin deposits maintained with futures clearing house, options clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing house and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts receivable arising from the provision of corporate finance advisory services and insurance broking services are repayable within 30 days.

Accounts receivable arising from the provision of asset management services are repayable on demand.

(b) Ageing analysis

(i) Accounts receivable from cash clients arising from the business of dealing in securities are repayable on demand subsequent to settlement date. Overdue accounts receivable are repayable on demand and charged interests at commercial rates. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of broking business.

At the end of the reporting period, no provision for impairment loss of accounts receivable arising from securities cash clients had been made *(2016: Nil)*.

(ii) Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was HK$1,790,473,000 *(2016: HK$923,628,000)*, which is larger than the accounts receivable from securities margin clients.

No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of broking business.

The gross carrying amount of accounts receivable and the movements in the provision for impairment loss of accounts receivable from securities margin clients were as follows:

	Note	**2017** ***HK$'000***	2016 *HK$'000*
Gross amount of accounts receivable:			
At the end of the year		**565,970**	361,341
Accumulated impairment losses:			
At the beginning of the year		**80,575**	–
Impairment loss recognised	*(1) and (2)*	**5,150**	80,575
Reversal of impairment loss recognised	*(1)*	**(37,660)**	–
At the end of the year		**48,065**	80,575
Net carrying amount of accounts receivable	*(3)*	**517,905**	280,766

Notes:

(1) At 31 December 2017, the gross amount of certain margin loans amounted to HK$107,197,000 *(2016: HK$117,779,000)* were due from certain individual margin clients. During the year ended 31 December 2017, an aggregate reversal on impairment loss for these specific margin clients was recognised amounting to HK$37,660,000 *(2016: aggregate impairment loss of HK$80,575,000)*. The reversal on impairment amount was determined, in accordance with the loan impairment policy of the Group; taking into account the volatility of share price of the collaterals, the Group used the average closing price of the collaterals in the preceding 52-week period to determine the amount of the

impairment loss during the year. The average closing price for this year replaces the lowest transaction price of last year of the collaterals in the preceding 52-week period because the variation of the share price was relatively steady in this year, whereas there was a drastic drop in share price last year. The reversal on impairment loss was made due to the share price of the collaterals increased during the year. These individually impaired margin clients relate to customers that were in default on payments and only a portion of the accounts receivable is expected to be recovered.

(2) Except for the above specific margin clients at 31 December 2017, the gross amount of margin loans amounting to HK$5,150,000 *(2016: HK$4,950,000)* were due from other margin clients. During the year ended 31 December 2017, an aggregate impairment loss for these margin clients was recognised amounting to HK$5,150,000 *(2016: HK$Nil)*. The impairment amount was determined, in accordance with the loan impairment policy of the Group.

(3) The remaining balances of margin loans that were not impaired relate to a large number of diversified customers for whom there was no recent history of default or are secured by securities collateral pledged by the customers to the Group that are sufficient to cover the loans amount at the end of the reporting period.

(iii) At the end of the reporting period, accounts receivable from securities subscription clients were not yet due and were required to be settled on the allotment date determined under the relevant market practices or exchange rules.

At the end of the reporting period, accounts receivable from securities and options clearing houses and brokers were not yet due and repayable on demand.

The Group maintains margin deposits with the options clearing house in respect of clients' monies in the ordinary course of business of option broking. At the end of the reporting period, clients' monies deposits not otherwise dealt with in the consolidated financial statements amounted to HK$10,860,000 *(2016: HK$6,381,000)*.

(iv) Accounts receivable from futures clearing house and brokers did not include clients' monies deposited in the futures clearing house in Hong Kong amounting to HK$3,268,000 *(2016: HK$4,430,000)*, which was not dealt with in the consolidated financial statements. At the end of the reporting period, accounts receivable from futures clients, futures clearing house and brokers were all overdue within 30 days and repayable on demand.

The gross carrying amount of accounts receivable and the movements in the provision for impairment of accounts receivable from futures clients, futures clearing house and brokers were as follows:

	Note	**2017** **HK$'000**	2016 *HK$'000*
Gross amount of accounts receivable:			
At the end of the year		**3,797**	3,743
Accumulated impairment losses:			
At the beginning of the year		**119**	154
Reversal of allowance for doubtful debts		**–**	(35)
Amount written off		**(119)**	–
At the end of the year		**–**	119
Net carrying amount of accounts receivable	*(c)*	**3,797**	3,624

(v) At the end of the reporting period, the ageing analysis of accounts receivable arising from the provision of corporate finance advisory services, based on the contract terms, was as follows:

	Note	2017 HK$'000	2016 HK$'000
Current		**3,126**	180
Overdue:			
Within 30 days		**123**	1,020
31–90 days		**2,838**	1,168
91–180 days		**–**	120
Over 180 days		**1,136**	881
	(c)	**4,097**	3,189
		7,223	3,369

The gross carrying amount of accounts receivable and the movements in the provision for impairment of accounts receivable from corporate finance advisory services were as follows:

	Note	2017 HK$'000	2016 HK$'000
Gross amount of accounts receivable:			
At the end of the year		**7,223**	3,369
Accumulated impairment losses:			
At the beginning of the year		**700**	–
Impairment loss recognised		**–**	700
Amount written off		**(620)**	–
At the end of the year	*(c)*	**80**	700
Net carrying amount of accounts receivable		**7,143**	2,669

(vi) At the end of the reporting period, the ageing analysis of accounts receivable arising from the provision of insurance broking services were as follows:

	Note	2017 HK$'000	2016 HK$'000
Current		**251**	143
Overdue:			
Within 30 days		**78**	70
31–90 days		**3**	38
91–180 days		**50**	4
Over 180 days		**190**	168
	(c)	**321**	280
		572	423

At the end of the reporting period, no provision for impairment loss of accounts receivable arising from the provision of insurance broking services had been made *(2016: Nil)*.

(vii) At the end of the reporting period, the amount of accounts receivable amounted to HK$2,200,000 *(2016: HK$Nil)* arising from the provision of asset management services was not overdue.

At the end of the reporting period, no provision for impairment loss of accounts receivable arising from the provision of asset management services had been made *(2016: Nil)*.

(c) Accounts receivable that are not impaired

At the end of the reporting period, accounts receivable from the futures clients, futures clearing house and brokers, customers of corporate finance advisory and insurance broking services with carrying amount of HK$8,135,000 *(2016: HK$6,393,000)* are past due but not impaired. The management of the Group is of the opinion that no provision for impairment is necessary in respect of the overdue amount as all the balances have been fully settled subsequently or were being settled according to the agreed repayment schedules. The Group does not hold any collateral or other credit enhancements over these balances other than accounts receivable from securities margin clients.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there were no history of default and the management believes that the amounts are recoverable.

10. DERIVATIVE FINANCIAL LIABILITIES

	Note	**2017** ***HK$'000***	2016 *HK$'000*
Cross-currency swap	*(i)*	**75,000**	186,900
Futures contracts held for trading	*(ii)*	**19**	330
		75,019	187,230

Notes:

(i) In June 2015, the Group entered into a three-year cross-currency swap agreement with a bank in United Kingdom to swap the Renminbi Bonds principal with initial exchange amounts of RMB1,484,279,000 and HK$1,853,032,000.

Pursuant to the cross-currency swap agreement, the Group is obliged to make semi-annual interest payments to the bank in Hong Kong Dollar. The amount to be paid is calculated on the final exchange amount of HK$1,872,659,000 with reference to the agreed annual rate of 4.7%. The Group in return is entitled to receive semi-annual interest on the final exchange amount of RMB1,500,000,000 at the rate of 6.45% per annum. Upon maturity of the cross-currency swap in May 2018, the Group agrees to convert the final exchange amount of HK$1,872,659,000 to RMB1,500,000,000 (i.e. pay HK$1,872,659,000 and receive RMB1,500,000,000). The cross-currency swap is settled on gross basis.

The cross-currency swap is accounted for by the Group as a derivative in accordance with HKAS 39 Financial Instruments: Recognition and Measurement.

During the reporting period, the gain on change in fair value of the cross-currency swap of HK$135,367,000 *(2016: loss of HK$59,715,000)* was recognised in the profit or loss.

(ii) The futures contracts are classified as held for trading. At 31 December 2017, the fair value of the futures contracts were amounted to HK$19,000 *(2016: HK$330,000)*. Fair value was determined with reference to quoted active market price on the Hong Kong Futures Exchange. During the reporting period, the loss on change in fair value of futures contracts amounting to HK$35,524,000 *(2016: gain of HK$2,009,000)* was recognised in the profit or loss.

11. ACCOUNTS PAYABLE

	Note	2017 HK$'000	2016 HK$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:			
— securities cash clients	*(i)*	**10,965**	10,740
— securities margin clients	*(i)*	**4,957**	1,830
— securities clearing house	*(i)*	**606**	4,406
— futures clients	*(ii)*	**3,779**	3,598
Accounts payable to brokers	*(i)*	**4,987**	–
Accounts payable arising from the provision of insurance broking services	*(iii)*	**232**	203
		25,526	20,777

Notes:

Settlement terms

(i) The settlement terms of accounts payable arising from the ordinary course of business of broking in securities in respect of cash clients, margin clients, clearing house and brokers are one to three trading days after the transaction date.

(ii) Accounts payable arising from the ordinary course of business broking in index, commodity and currency futures contracts represent the margin deposits received from clients for their trading in futures contracts. The excess over the required margin deposits stipulated are repayable to clients on demand.

(iii) Accounts payable arising from the provision of insurance broking services are payable within 30 days.

At the end of the reporting period, accounts payable are stated net of clients' segregated assets of HK$503,158,000 *(2016: HK$204,726,000)*.

No ageing analysis is disclosed in respect of accounts payable. In the opinion of the Directors, an ageing analysis does not give additional value in view of the nature of broking business.

Interest with reference to savings rate of financial institutions is payable to accounts payable arising from the ordinary course of business of securities broking subject to their balances maintained with the Group. All other categories of accounts payable are non-interest-bearing.

12. BONDS PAYABLE

	HK$'000
Carrying amount at 1 January 2016	1,754,122
Imputed interest expenses for the year	6,041
Exchange realignment *(Note 4)*	(101,006)
Carrying amount at 31 December 2016 and 1 January 2017	**1,659,157**
Imputed interest expenses for the year	**6,351**
Exchange realignment *(Note 5c)*	**132,044**
Carrying amount at 31 December 2017	**1,797,552**

On 28 May 2015, the Company issued bonds with aggregate principal amount of RMB1,500,000,000 (the "Bonds"). The Bonds bear interest from 28 May 2015 (inclusive) at the rate of 6.45% per annum. Interest on the Bonds is payable semi-annually in arrears. The Bonds are listed on The Stock Exchange of Hong Kong Limited and will be mature on 28 May 2018 with the outstanding principal and interest payable at the maturity date. At 31 December 2017, the fair value of the Bonds was RMB1,510,200,000 (equivalent to HK$1,812,391,000) *(2016: RMB1,501,665,000 (equivalent to HK$1,669,401,000))*.

The Bonds are carried at amortised cost using an average effective interest rate of 6.84% per annum at the end of each reporting period.

The maturity date of the Bonds is within twelve months after the end of the reporting period, accordingly the Bonds are reclassified from "Non-current liabilities" to "Current liabilities" at the end of the reporting period.

At the end of the reporting period, the Bonds were repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year or on demand	**1,797,552**	–
After 1 year but within 2 years	**–**	1,659,157
	1,797,552	1,659,157

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Macro Environment

2017 was an eventful year. It saw the coming and going of many political and economic occurrences. The former included elections in the Netherlands, France, Korea, Iran, the United Kingdom, Germany and Japan, and also the 19th Party Congress in China; and the latter included the interest rate hike, balance sheet reduction and tax reform in the US and OPEC's agreement on cutting output. However, the outcomes of those occurrences were broadly in line with market expectation, and did not bring any "Black Swans" as in 2016. In Hong Kong, the major political and economic events that took place during the year included Mrs. Carrie Lam being elected as Chief Executive of the HKSAR, tumbling of small-cap stocks in June, the launch of Northbound Trading under the Bond Connect Scheme, HKEx allowing companies with Weighted Voting Rights Structure to be listed on the Main Board, and the China Securities Regulatory Commission rolling out a pilot project on full circulation of H-shares. Whereas, in Mainland China, it was confirmed that A-shares would be included in the MSCI and the 19th Party Congress was held in October. In the US, Donald Trump inaugurated as US President, the Federal Reserve System (Fed) raised interest rate three times within the year and expected three more in 2018, plus kicked off balance sheet reduction, and the tax reform bill was finally approved. The results of elections in different countries basically matched poll findings, but Germany was yet to complete forming her governing cabinet. OPEC extended the oil output cut agreement till the end of 2018. Geopolitical risks prevailed, stemming from particularly the tense relationship between the US and North Korea, and there was the looming threat of terrorist attacks, with at least five hitting the UK during the year, and the price of virtual currencies spiked.

Hong Kong Market

Alongside the continuously strengthening of the US economy, the Chinese economy also stabilized, and with possible "Black Swan" incidents had not caused any bad effects ultimately, the Hong Kong stock market had a super bullish year in 2017. Enthusiastic Mainland investors contributing to the influx of southbound fund via the Stock Connect schemes also boosted Hong Kong stock prices and trading in the market. The Hang Seng Index closed at 29,919 points at the end of 2017, representing an increase of 36.0% year-on-year (up 17.1% in the first half and a further 16.1% in the second half). The Hang Seng China Enterprises Index closed at 11,709 points, rising 24.6% year-on-year (up 10.3% in the first half year and a further 13.0% in the second half). In 2017, the average daily turnover of the Hong Kong equities market increased by 31.9% year-on-year to HK$88.3 billion (up 12.6% year-on-year to HK$76 billion), with category A market participants (1st to 14th) claiming a slightly smaller share than in 2016, while that of category B (15th to 65th) participants climbed and that of category C was the same as in the previous year. Southbound Trading via the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect schemes brought in to Hong Kong capital amounting to RMB196.8 billion and HK$113.2 billion respectively in 2017, the former of similar level as in 2016, while the latter was only launched in December 2016. As at the end of 2017, 2,118 companies were listed on the Main Board and Growth Enterprise Market ("GEM"), 7.3% more than last year (1,794 were listed on Main Board, 4.7%

higher than in the previous year). The total value of the equities market surged by 37.3% year-on-year, to historical high at HK$34,000 billion. During the year, there were 174 new listings (including transfers from GEM to the Main Board), 38.1% more than a year ago, raising HK$579.9 billion in all, which was 18.3% more than in 2016. However, the total fund raised through IPOs in 2017 declined by 34.4% year-on-year to HK$128.2 billion.

Business Review

In 2017, supported by its parent company in China, Southwest Securities Co., Ltd. ("SWSC"), the Group enhanced its existing customer base to explore new business's opportunities by continuously providing one-stop securities, investment and financing services to investors from China and other countries. Further, the Group maintained a series of developments in enriching its business scope in corporate finance business, asset management business and loan financing business. Meanwhile, the Group is continuously restructuring its organisation, consolidating its teams, mitigating the risks and strengthening internal monitoring procedures to spurt its operation efficiency. Recruitment of top financial talents to better the Group's competitiveness never ceased.

In 2017, the Group recorded a total revenue of HK$240.1 million (2016: HK$92.0 million) and profit before tax of HK$4.1 million (2016: loss before tax HK$167.2 million). In particular, business segments with outstanding performance including proprietary trading and corporate finance. The former benefited from the restructuring of the proprietary investment team and changing of investment strategies during the year while the latter experienced rapid development during the year through the Group's brand and the establishment and consolidation of business team, which generated a considerable income and development prospect. Brokerage and margin financing as the base business of the Group contributed a larger proportion of the income source while the increasingly strengthened asset and wealth management business made more contribution to the diversities and balanced income of the Group.

Brokerage and Margin Financing

Revenue generated from the Group's brokerage and margin financing business during the Review Period amounted to HK$79.1 million (*2016: HK$80.7 million*).

The Group's revenue from brokerage business slightly increased by 6.6% to HK$30.8 million (*2016: HK$28.9 million)* for the year. The income from brokerage business mainly included commission income from providing brokerage services for securities, futures and options dealings and providing underwriting and placing services in primary and secondary market. As Hong Kong stock market's overall positive sentiment during the year, the Group's overall performance in brokerage business was keep in line with improvement as compared with that in last year.

Regarding margin financing interest, revenue from the margin financing business decreased by 6.7% to HK$48.3 million in 2017 (*2016: HK$51.8 million*). The margin financing business is target for high-net-worth customers with large principal amount and is expected to bring a considerable amount of interest income to the Group. Other than general margin financing business, the Group will also mainly explore higher quality project financing, and at the same time with credit risk and concentration risk under control as the underlying principle in order to further increase the overall revenue of such business segment.

Wealth Management

The Group's wealth management business recorded a revenue of HK$6.7 million during the Review Period (*2016: HK$5.6 million*).

Wealth management business continued to develop steadily during the Review Period. In the second quarter of 2016, the Group set up the Southwest Securities International Wealth Management Centre which is a one-stop financial service platform building on the foundation of its existing wealth management business and other related resources. A number of training seminars were organised for the SWSC sales department in Mainland China and for the Hong Kong license holders. The centre provides various investment products for selection. Leveraging on the synergic cooperation between onshore and offshore, the Group's wealth management business maintains its competitiveness in the industry. In 2017, the center built up cooperation relationship with third party organizations, such as banks and insurance companies, which also helped to meet the investment needs of institutional and other various customers.

Corporate Finance

Revenue generated from the Group's corporate finance business amounted to HK$34.1 million during the Review Period (*2016: HK$24.9 million*).

In 2017, the Group's direction of development is business diversification. Rooted in the IPO sponsor business, the Group enlarged the scale and increased the income of project financing.

The increasing integration of Hong Kong and China financial markets is suggesting the Group to capitalise on the business opportunities of developing and executing IPO projects, arranging underwriting, placing and project financing, and offering independent financial advisory service and other advisory service during the Review Period. The Group has been determinedly providing good corporate finance services to quality high-growth corporations. During the Review Period, the Group signed several IPO sponsor contracts, bumping up the number of existing sponsor projects as well as implementing several project financing. The shared resources of the Group and its parent company, SWSC, help to match up the pace of its merger and acquisition ("M&A") business to the demand of Mainland corporations acquiring high-potential business in Hong Kong and overseas. With the support of the resources of SWSC, more quality Mainland enterprises aiming to expand globally would be introduced to the Group to make capital out of the Hong Kong's fund-raising financial platform and enjoy the Group's professional corporate finance service.

Proprietary Trading

The proprietary trading business of the Group recorded a revenue gain of HK$109.4 million during the Review Period (*2016: revenue loss of HK$19.2 million*).

The Group continues to carry on the new investment strategy which was implemented since 2016 and a considerable turnaround has been achieved in 2017. Under stringent risk control, the Group invests in subject with positive valuation and prospect to secure the capital appreciation. In addition, the fixed income team invested in selected bonds and funds also achieves stable and considerable returns.

Money Lending

During the Review Period, the Group's interest income from money lending business amounted to HK$10.7 million (*2016: HK$2,000*).

In 2017, the Group has utilized its cross-platform advantage to seize a business opportunity and advanced HK$200 million to a customer with a high interest yield per annum. The customer has repaid the advance according to the terms of the agreement in good order. The Group would continue to explore more business opportunities of money lending in the future.

Other Income and Gains

During the Review Period, the Group's other income and gains amounted to HK$64.8 million (*2016: HK$140.5 million*).

In 2017, other income and gains included reversals of provision for impairment for margin financing customers of HK$37.7 million, interest income from bond investments amounted to HK$9.6 million and gain on disposal of listed equities, which are included in available-for-sale financial assets, amounted to HK$8.9 million recorded for the year, whereas an exchange gain of HK$94.8 million due to the depreciation of the bonds payable denominated in RMB and interest income from bond investments amounted to HK$42.5 million were booked in 2016.

Staff Costs

During the Review Period, the Group's staff costs amounted to HK$96.2 million (*2016: HK$74.3 million*).

With the overall business and scale expansion of the Group, the number of staff as well as the staff costs increased. The Group's expense on salaries, benefits and training for the staff are also increased. It is important for the Group to deploy resource on staff in order to maintain its competitiveness.

Fee and Commission Expenses

The Group's fee and commission expenses during the Review Period were HK$24.9 million (*2016: HK$12.2 million*).

Fee and commission expenses mainly included commissions paid in the course of conducting the brokerage and margin financing business, proprietary trading business and corporate finance deals. The increase in commission expenses during the Review Period was mainly a result of the increase in trading volume of proprietary trading business and the increase in project expenses of placing deals. The commission expenses incurred in brokerage and margin financing business were in line with income earned and remained stable.

Finance Costs

The Group's finance costs during the Review Period amounted to HK$117.9 million (*2016: HK$119.5 million*).

The Group issued RMB-denominated bonds in May 2015, so the finance costs during the year were mainly bond interest expenses.

Future Prospects

2018 will witness a gradual rebound of the global economy and faster recovery in the US and Eurozone. Following the 19th Party Congress and the National Financial Work Conference, China has explicitly defined its development direction, including urging the financial sector to better serve the real economy, preventing and controlling financial risks and deepening financial reforms. While the prospects for global markets are promising, the financial sector is facing tighter regulatory requirements. Under this new situation, the Group will rise to the challenges and seize the development opportunities arising therefrom. The Group will consolidate its foundation, impose tight control over risks and strictly comply with the regulatory rules, which will translate into higher standard of overall management of the Group. Besides, Hong Kong, acting as an unreplaceable "bridge" facilitating outflow of Mainland capital into overseas markets, will benefit from the favorable prospects of the global economy, and therefore the collaboration between the Group and its parent company will be brought about more business opportunities.

In 2018, the Group will raise the general level of operations in four dimensions. Firstly, enhancing the current business quality. The Group is committed to identifying high-yield business targets with controllable risks. Apart from IPO projects, the business scales of project loans, cross-boarding mergers and acquisitions, and underwriting and placement will be expanded. Secondly, focusing on business innovation. The Group will further diversify its operations in 2018 and explore the feasibility of developing asset management products such as private equity fund. Thirdly, improving management level, especially for risk control and compliance management. The Group will increase the management efficiency and quality of the financial segment as well as other ordinary operations, so that the Group can grow in a steady and sustainable way without much uncertainties. Fourthly, attaching more importance to the recruitment and cultivation of talents. The Group will attract more professionals by establishing an optimized management system, motivative promotion mechanism and offering market-based remunerations, thus forming an outstanding team to maintain the competitive edges of the Group.

In 2018, the Group is confident in maintaining its growth momentum, strengthening the brand effect and forming a virtuous cycle of development.

Financial Review

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2017, the Group had total cash and bank balances of HK$645.2 million (*2016: HK$624.8 million*), while net current assets amounted to HK$221.2 million (*2016: HK$1,790.0 million*). The current ratio as a ratio of current assets to current liabilities was 1.1 times (*2016: 8.2 times*). The decrease in the current ratio is mainly because the outstanding principal of the bonds payable will be mature on 28 May 2018 and thus is reclassified from "Non-current liabilities" to "Current liabilities". At the end of the year, the gearing ratio was 722.2% (*2016: 705.8%*). Gearing ratio represents the ratio of total borrowings to the total equity of the Group. The Group monitored its capital structure in order to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong) for its licensed subsidiaries and to support the development of new business. All licensed corporations within the Group complied with their respective liquid capital requirements during the year and up to the date of this announcement.

Banking Facilities and Charges on Assets

As at 31 December 2017, the Group had no bank loans outstanding (*2016: Nil*) and had an aggregate banking facilities of HK$676.0 million (*2016: HK$677.2 million*). In the case of certain banking facilities of HK$326.0 million (*2016: HK$326.0 million*), the drawdown of which is subject to the market value of the marketable securities pledged and the margin deposits placed. The bank loans are subject to floating interest rates with reference to the costs of funds of the banks. At the end of the year, the Group pledged no investments in listed securities (*2016: Nil*) and no fixed deposits (*2016: HK$1.2 million*) for the facilities.

Material Acquisitions, Disposals and Significant Investments

During the year, the Group disposed of the convertible bonds issued by XinRen Aluminum Holdings Limited and all listed equities, both of which included in the available-for-sale financial assets and realised a loss on disposal of HK$1.4 million and a gain on disposal of HK$8.9 million respectively (*2016: no material acquisitions and disposals of investments*).

Contingencies

The Group has no material contingent liabilities as at 31 December 2017 (*2016: Nil*).

Commitments

In June 2015, the Group has entered into a three-year cross-currency swap agreement with a bank in the United Kingdom with initial exchange amounts of RMB1.5 billion and HK$1.9 billion. Pursuant to the cross-currency swap agreement, the Group is obliged to make semi-annual interest payments to the bank. The amount to be paid is calculated on the final exchange amount of HK$1.9 billion with reference to the agreed annual rate of 4.7%. The Group in return is entitled to receive semi-annual interest on the final exchange amount of RMB1.5 billion at 6.45% per annum. Upon maturity of the cross-currency swap, the Group will convert the final exchange amount of HK$1.9 billion to RMB1.5 billion (i.e. pay HK$1.9 billion and receive RMB1.5 billion).

Exposure to Fluctuations in Exchange Rates and Related Hedges

As at 31 December 2017, the Group has RMB exposure arising from the issuance of bonds. Considered the major operating cash flow is in Hong Kong dollars and to mitigate the relevant currency risks, the Group had entered into a three-year cross-currency swap as mentioned in the paragraph of "Commitments" in this announcement.

EMPLOYEES

As at 31 December 2017, the Group had a total of 110 employees *(2016: 105 employees)*. The Group regards employees as important asset. We continue to improve our human resources management system and to attract, identify and nurture talent. The Group has established clear policy on its employee's remuneration. Base salary is being reviewed on an annual basis. Discretionary performance bonus is paid by making references to market, business results, departmental and individual's performance. The discretionary performance bonus aims to reward employees for their contributions and to retain and inspire talented and experienced employees. Other benefits offered by the Group include mandatory provident fund scheme, occupational retirement scheme, medical and dental insurance.

The Group implements the sustainable development strategy and attaches great importance to team building and talent development to sustain and enhance its competitiveness. The Group provides internal and external training programs for the staff to enhance their skills and knowledge in products, regulations and compliance. Most of the in-house training are qualified for claiming Continuous Professional Training hours for the licensed persons.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 *(2016: HK$Nil)*.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 15 June 2018 at 10:00 a.m.. Notice of the AGM will be published on the Company's website at www.swsc.hk and the HKEXnews at www.hkexnews.hk and despatched to the Shareholders on or before 3 April 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiry with each Director and was confirmed that all the Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2017.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2017, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 December 2017.

SCOPE OF WORK OF PAN-CHINA (H.K.) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, Pan-China (H.K.) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by Pan-China (H.K.) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Pan-China (H.K.) CPA Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.swsc.hk and the HKEXnews website at www.hkexnews.hk. The 2017 annual report will be despatched to the Shareholders on or before 3 April 2018 and will be available at the aforesaid websites at the same time.

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

Hong Kong, 23 March 2018

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 purposes only*