
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Southwest Securities International Securities Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

RE-ELECTION OF DIRECTORS, GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of Southwest Securities International Securities Limited to be held at Multifunction Room, 26/F., Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 30 June 2020 at 10:00 a.m. is set out on pages 16 to 20 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of Southwest Securities International Securities Limited in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

PRECAUTIONARY MEASURES FOR THE AGM

Please see page 3 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the annual general meeting, including:

- **compulsory body temperature checks and health declarations**
- **recommended wearing of a surgical face mask for each attendee**
- **no distribution of corporate gift or refreshment**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Multifunction Room, 26/F., Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 30 June 2020 at 10:00 a.m. or any adjournment thereof
“AGM Notice”	the notice convening the AGM set out on pages 16 to 20 of this circular
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-law(s)”	the Bye-laws of the Company as adopted on 7 January 2002 and amended from time to time
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“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
“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be extended by the addition thereto the total number of Shares repurchased under the Repurchase Mandate
“General Mandates”	the Issue Mandate, the Repurchase Mandate and the Extension Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of passing the relevant resolution at the AGM
“Latest Practicable Date”	21 May 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of passing the relevant resolution at the AGM
“SFC”	Securities and Futures Commission
“SFO”	the 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)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“SWSC”	西南證券股份有限公司(Southwest Securities Co., Ltd.*), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600369)
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

* For identification purposes only

PRECAUTIONARY MEASURES FOR THE AGM

In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue or be required to leave the AGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the AGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the AGM venue or be required to leave the AGM venue.
- (iii) The Company encourages attendees to wear surgical face masks inside the AGM venue at all times.
- (iv) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person.

If Shareholders choosing not to attend the AGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to send such question or matter in writing to our head office or to our email at corporate_comm@swsc.hk.

If Shareholders have any questions relating to the AGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch Share Registrar as follows:

Computershare Hong Kong Investor Services Limited
17M/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
E-mail: hkinfo@computershare.com.hk
Tel: 852 2862 8555
Fax: 852 2865 0990

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. WU Jian (*Chairman*)

Mr. PU Rui (*Chief Executive Officer*)

Dr. ZHAO Mingxun

Registered Office:

Clarendon House

2 Church Street

Hamilton, HM11

Bermuda

Independent Non-executive Directors:

Professor WU Jun

Mr. MENG Gaoyuan

Dr. GUAN Wenwei

*Head Office and Principal Place
of Business in Hong Kong:*

40/F., Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

28 May 2020

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GRANT OF GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the AGM Notice and information regarding certain ordinary resolutions to be proposed at the AGM (i) the re-election of Directors and (ii) the granting of the General Mandates.

2. RE-ELECTION OF DIRECTORS

According to the Bye-law 87 of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The retiring Directors shall be eligible for re-election. Pursuant to the code provision A.4.2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, every Director (including those appointed for a specific term) should be subject to retirement by rotation at

LETTER FROM THE BOARD

least once every three years. Accordingly, Mr. WU Jian (“**Mr. Wu**”) and Professor WU Jun (“**Professor Wu**”) shall retire at the AGM by rotation and, being eligible, offer themselves for re-election as Directors.

Pursuant to the Bye-law 86 of the Bye-laws, any Director appointed by the Board shall hold office only until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting. Accordingly, Dr. ZHAO Mingxun (“**Dr. Zhao**”), who was appointed as an executive Director by the Board on 23 August 2019, will retire and, being eligible, offer himself for re-election at the AGM.

The Company continuously seeks to enhance the effectiveness of its Board and recognises and embraces the benefits of having a diverse Board as an essential element in maintaining competitiveness. The nomination committee of the Company (the “**Nomination Committee**”) has reviewed the diversity of the Board and considered the Directors for re-election may contribute to the Board a range of diversity perspectives, including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and other qualifications.

The Board has considered the assessments of the Nomination Committee that Mr. Wu, an executive Director and chairman of the Board, has contributed effectively to the Company and that his continuous contributions are essential to the Group’s growth. The Board also accepted the recommendation of the Nomination Committee that the re-election of Dr. Zhao as executive Director could bring valuable financial expertise to the Group.

The Board has also considered the proposal of the Nomination Committee with regards to the re-election of Professor Wu as independent non-executive Directors of the Company. The Board and the Nomination Committee considered that Professor Wu has brought a wealth of experience in management and strategic planning of listed companies to the Group and he has the required character, integrity and knowledge to continue fulfilling the role of an independent non-executive Director. Professor Wu provides objective and independent points of view from different dimensions, as well as contribute professional, unique experience and diversity to the Board. Professor Wu has confirmed that he fulfills all the requirements under Rule 3.13 of the Listing Rules. Hence, the Board considers him to be independent. As at the Latest Practicable Date, Professor Wu did not hold seven or more listed company directorship.

As such, the Board proposes each of Mr. Wu, Dr. Zhao and Professor Wu to stand for re-election as Directors at the AGM.

Biographical details of the Directors proposed for re-election are set out in Appendix I of this circular. The re-election of each of retiring Directors will be individually voted by Shareholders at the AGM by separate ordinary resolutions.

LETTER FROM THE BOARD

3. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Issue Mandate

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 3,661,830,613 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company will be allowed under the Issue Mandate to issue a maximum of 732,366,122 Shares, without taking into account any additional Shares which may be issued pursuant to the Extension Mandate.

Repurchase Mandate

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 3,661,830,613 Shares were in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 366,183,061 Shares. Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix II to this circular.

Extension Mandate

In addition, an ordinary resolution will also be proposed at the AGM to extend the Issue Mandate by the addition thereto the total number of Shares repurchased under the Repurchase Mandate.

The Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the Company is required by the Companies Act or the Bye-laws to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

An explanatory statement containing information relating to the Repurchase Mandate as required pursuant to the Listing Rules, is set out in the Appendix II of this circular.

LETTER FROM THE BOARD

The Directors have no immediate plans to allot, issue, or deal with any new Shares other than Shares which may fall to be issued under the share option scheme(s) (if any) of the Company or pursuant to any scrip dividend scheme or under similar arrangement which may be approved by the Shareholders from time to time or as the result of conversion of any convertible preference share or perpetual convertible bond securities of the Company (if any) in issue or repurchase any Shares pursuant to the relevant mandates.

4. AGM

The notice of the AGM is set out on pages 16 to 20 of this circular. At the AGM, resolutions will be proposed to approve the re-election of the Directors and the granting of the General Mandates. All resolutions will be put to vote by way of poll at the AGM and no shareholder will be required to abstain from voting at the AGM in respect of these resolutions. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under rule 13.39(5) of the Listing Rules.

A proxy form for the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

The transfer books and register of members will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2020.

5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Board is of the opinion that (i) the proposed re-election of the Directors; and (ii) the grant of the proposed General Mandates in the manner set out in the notice of AGM are in the interests of the Company and Shareholders as a whole, and accordingly, the Board recommends all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
Southwest Securities International Securities Limited
WU Jian
Chairman

* *For identification purposes only*

The biographical details of the Directors proposed to be re-elected at the AGM are set out as follows:

Mr. WU Jian (吳堅), aged 55, has been appointed as an executive director of the Company since 27 February 2015, the chairman of the Board and the chairman of the Nomination Committee since 1 November 2016, and a member of the remuneration committee of the Company since 25 March 2017. Mr. Wu graduated from Shanxi University of Finance and Economics in the PRC. He graduated from MBA Institute of Chongqing University with MBA Degree in February 2001. Mr. Wu served in China Securities Regulatory Commission Chongqing Office consecutively as the deputy commissioner of division of investigation and enforcement department and commissioner of the listed company supervision department from 1997 to 2005. Mr. Wu was appointed as the deputy general manager of 重慶渝富資產經營管理集團有限公司 (Chongqing Yufu Assets Management Group Co., Ltd.*) from December 2005 to November 2013 and was responsible for investment management. Mr. Wu was also appointed as the chief executive of 重慶股權轉讓中心有限責任公司 (Chongqing Share Transfer Center Co., Ltd.*), a subsidiary of SWSC, since October 2013. Mr. Wu is currently a director and president of SWSC. He is currently a director of Southwest Securities International Investment Limited (“SSII”), the immediate controlling shareholder of the Company. Mr. Wu has over 20 years of experience in investment and securities market.

Save as disclosed above, Mr. Wu did not hold any position in the Company or any of its subsidiaries, nor directorship in any listed public companies in Hong Kong or overseas during the past three years, and does not have any other major appointments or professional qualifications. Save as disclosed above, he does not have any other relationship with any other Directors, senior management of the Company or substantial shareholders or controlling shareholders of the Company.

Mr. Wu has entered into a director’s service agreement with the Company for a term of three years, subject to retirement by rotation and re-election in accordance with the Bye-laws, which may be terminated by either the Company or Mr. Wu by giving two months’ prior written notice or otherwise in accordance with the terms of the director’s service agreement. In accordance with the Bye-laws, Mr. Wu shall be eligible for re-election at the AGM. Under the director’s service agreement, as at 31 December 2019, Mr. Wu does not received any director emolument from the Company. Mr. Wu did not receive any emoluments for 2019.

As at the Latest Practicable Date, Mr. Wu does not have, and is not deemed to have, any interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO and save as disclosed above, he is not aware of any other matters that need to be brought to the attention of the Shareholders. There is no other information in relation to Mr. Wu that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Dr. ZHAO Mingxun (趙明勳博士), aged 41, has been appointed as an executive Director since 23 August 2019. He is also a director of a subsidiary of the Group. He has extensive experience in the financial industry. He served in 中國中投證券有限責任公司 (China Investment Securities Co., Ltd) from 2006 to 2011. From February 2011 to February 2015, he worked in various departments of SWSC and had held various positions including the investment manager, project manager and deputy general manager. He served as the deputy general manager in 西證創新投資有限公司 (SWSC Innovation Investment Co., Ltd*), a wholly-owned subsidiary of SWSC, from February 2015 to June 2017, and the deputy general manager and chief risk officer in 西證股權投資有限公司 (Southwest Securities Private Equity Investment Co., Ltd.*), a wholly-owned subsidiary of SWSC, from June 2017 to April 2018. Dr. Zhao graduated from 平頂山教育學院 (Pingdingshan Education College, now known as PingDingShan Vocational And Technical College), Henan in June 1998, with a major in Mathematics. He obtained a Master's degree in Economics from Xiangtan University, Hunan in June 2003 and a Doctorate degree in Economics from Fudan University, Shanghai in June 2006.

Save as disclosed above, Dr. Zhao did not hold any position in the Company or any of its subsidiaries, nor directorship in any listed public companies in Hong Kong or overseas during the past three years, and does not have any other major appointments or professional qualifications. Save as disclosed above, he does not have any other relationship with any other Directors, senior management of the Company or substantial shareholders or controlling shareholders of the Company.

Dr. Zhao has entered into a director's service agreement with the Company for a term of three years, subject to retirement by rotation and re-election in accordance with the Bye-laws, which may be terminated by either the Company or Dr. Zhao by giving two months' prior written notice or otherwise in accordance with the terms of the director's service agreement. Dr. Zhao's remuneration is fixed by the Board pursuant to the authority granted by the Shareholders at the annual general meeting by reference to his duty, responsibility and performance, result of the Group and other factors which the Board may consider relevant and appropriate. The total emoluments of Dr. Zhao had been disclosed in the annual report of the Company for the financial year ended 31 December 2019, which amounted to HK\$1,469,000.

As at the Latest Practicable Date, Dr. Zhao does not have, and is not deemed to have, any interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO and save as disclosed above, he is not aware of any other matters that need to be brought to the attention of the Shareholders. There is no other information in relation to Dr. Zhao that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Professor WU Jun (吳軍教授), aged 66, has been appointed as an independent non-executive Director, the chairman of the remuneration committee, a member of the nomination committee and the audit committee of the Company since 27 January 2015. Professor Wu has been appointed as the external supervisor of Jinshang Bank Co., Ltd. (whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2558.HK)) since May 2018, an independent director of 世紀恒通科技股份有限公司 (Shijihengtong Technology Corporation Limited*) since March 2019 and an independent non-executive director of 錦州銀行股份有限公司 (Bank of Jinzhou Co., Ltd.*, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 416.HK) since October 2019. He is also a professor in and a tutor of the doctor of philosophy students of finance in University of International Business and Economics (“UIBE”). Professor Wu had been appointed as an independent director of SWSC from 16 March 2009 to 3 May 2017. He was also appointed as an independent director in 深圳市深信泰豐(集團)股份有限公司 (Shenzhen Shenxin Taifeng Group Co. Ltd*, now known as 神州數碼集團股份有限公司 Digital China Group Co., Ltd., whose shares are listed on the Main Board of Shenzhen Stock Exchange (Stock code: 000034) from June 2008 to June 2014 and 浙江紹興瑞豐農村商業銀行股份有限公司 (Zhejiang Shaoxing Ruifeng Rural Commercial Bank*) from January 2011 to March 2017. Professor Wu graduated from Yunnan Finance Institution (now known as Yunnan University of Finance and Economics) in July 1981 majoring in finance, and successively finished his master degree and doctorate in currency and banking in 中國人民銀行總行金融研究所 (The Financial Research Institute of People’s Bank of China*, now known as the PBC School of Finance, Tsinghua University) in 1988 and 1995. Professor Wu has extensive knowledge in economics and finance, and has strong organizational skill. He has been engaged in teaching and research in finance in Yunnan Finance Institution (now known as Yunnan University of Finance and Economics), 中國金融學院 (China Finance College*) and UIBE for 38 years. He is strong at the research skill in finance theory, its revolution and application.

Save as disclosed above, Professor Wu did not hold any position in the Company or any of its subsidiaries, nor directorship in any listed public companies in Hong Kong or overseas during the past three years, and does not have any other major appointments or professional qualifications. Save as disclosed above, he does not have any other relationship with any other Directors, senior management of the Company or substantial shareholders or controlling shareholders of the Company.

Professor Wu has entered into a director’s service agreement with the Company for a term of three years, subject to retirement by rotation and re-election in accordance with the Bye-laws, which may be terminated by either the Company or Professor Wu by giving two months’ prior written notice or otherwise in accordance with the terms of the director’s service agreement. In accordance with the Bye-laws, Professor Wu shall be eligible for re-election at the AGM. Under the director’s service agreement, Professor Wu is entitled to a director’s fee of HK\$204,000 per annum which is determined with reference to, among others, his experience, roles and responsibility within the Group, the prevailing market conditions and the recommendations from the remuneration committee of the Company. Professor Wu is also entitled to discretionary benefits (as decided by the Board or the remuneration committee of the Company). The total amount of Professor Wu’s emolument received in 2019 is HK\$204,000.

As at the Latest Practicable Date, Professor Wu does not have, and is not deemed to have, any interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO and save as disclosed above, he is not aware of any other matters that need to be brought to the attention of the Shareholders. There is no other information in relation to Professor Wu that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

** For identification purposes only*

This Appendix serves as an explanatory statement as required by Rule 10.06(1)(b) of the Listing Rules to provide you with requisite information in relation to the Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, there were in total 3,661,830,613 Shares in issue. Subject to the passing of the proposed ordinary resolution at the AGM granting the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, the Company will be authorised under the Repurchase Mandate to repurchase on the Stock Exchange a maximum of 366,183,061 Shares, representing 10% of the total number of Shares of the Company in issue as at the date of the passing of the said resolution at the AGM.

3. REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders to continue to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and its Shareholders as such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share. Shareholders can be assured that the Directors would only make such repurchases in circumstances where they consider them to be in the best interests of the Company and its Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the applicable laws of Bermuda, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

5. IMPACT OF THE REPURCHASE

The Directors anticipate that there would not be a material adverse impact on the working capital or gearing position of the Company (on the basis of the consolidated financial position of the Company disclosed in the latest published audited financial statements of the Company for the year ended 31 December 2019), in the event that the proposed Repurchase Mandate was to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge and belief of the Directors having made all reasonable enquiries nor any of their respective close associates currently intend to sell any Shares to the Company under the Repurchase Mandate if such mandate is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to sell any of the Shares held by him to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association and Bye-laws of the Company and the applicable laws of Bermuda.

8. EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting capital of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Company, Southwest Securities International Investment Limited, a wholly-owned subsidiary of SWSC, beneficially owned Shares representing approximately 73.98% of the total issued share capital of the Company. In the event the power to repurchase Shares under the Repurchase Mandate is exercised in full and assuming that there is no change in the issued share capital of the Company after the Latest Practicable Date, Southwest Securities International Investment Limited's percentage holding in the Company would be increased to approximately 82.2% of

the total issued share capital of the Company, which would result in the Company's public float falling below the prescribed minimum percentage level as required under the Listing Rules. The Directors have no present intention to exercise the power under the Repurchase Mandate to repurchase Shares. The Directors have no intention to exercise the Repurchase Mandate to such an extent so as to trigger the number of Shares which are in the hands of public falling below 25% of the total issued share capital of the Company.

Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any Share repurchase effected pursuant to the Repurchase Mandate.

9. SHARE REPURCHASES BY THE COMPANY

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

10. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date are as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2019		
May	0.131	0.104
June	0.113	0.099
July	0.109	0.090
August	0.300	0.077
September	0.350	0.183
October	0.330	0.255
November	0.295	0.196
December	0.315	0.250
2020		
January	0.295	0.250
February	0.290	0.255
March	0.340	0.241
April	0.290	0.229
May (up to the Latest Practicable Date)	0.250	0.200

NOTICE OF ANNUAL GENERAL MEETING

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)

NOTICE IS HEREBY GIVEN that the annual general meeting of Southwest Securities International Securities Limited (the “**Company**”) will be held at Multifunction Room, 26/F., Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 30 June 2020 at 10:00 a.m. for the following purposes:

1. To receive and consider the report of the directors, audited consolidated financial statements and the independent auditor’s report for the year ended 31 December 2019.
2. To re-elect the following retiring directors of the Company:
 - (a) Mr. WU Jian as an executive director of the Company;
 - (b) Dr. ZHAO Mingxun as an executive director of the Company; and
 - (c) Professor WU Jun as an independent non-executive director of the Company.
3. To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the directors of the Company.
4. To re-appoint Ernst & Young as auditors of the Company and to authorise the Board to fix their remuneration.

By way of special business, to consider and, if thought fit, to pass each of the following resolutions, with or without modification, as ordinary resolutions:

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued ordinary shares of HK\$0.10 each in the share capital of the Company (the “**Shares**” and each a “**Share**”) and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) the exercise of any options granted under the share option scheme(s) of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20% of the total number of issued Shares of the Company as at the date of passing this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Company’s Bye-laws to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the Company in general meeting; and

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued ordinary shares of HK\$0.10 each in the capital of the Company (the “**Shares**” and each a “**Share**”) subject to and in accordance with all applicable laws and the rules requirements (as amended from time to time) of The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
- (c) the aggregate nominal amount of the shares of the Company which is authorised to be repurchased by the Company pursuant to the approval in paragraph (a) shall not exceed 366,183,061 Shares, representing 10% of the total number of issued Shares of the Company as at the date of passing this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or the Company’s Bye-laws to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 5 and 6 as set out in the notice convening the meeting of which these resolutions form part, the general mandate granted to the directors of the Company pursuant to resolution no. 5 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto of such number of Shares representing the total number of Shares of the Company repurchased by the Company under the authority granted pursuant to resolution no. 6 as set out in the notice convening the meeting of which this resolution forms part, provided that such number of Shares shall not exceed 10% of the total number of issued Shares of the Company as at the date of passing this resolution.”

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

Hong Kong, 28 May 2020

*Head Office and Principal Place
of Business in Hong Kong:*
40/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

As at the date of this notice, the executive directors of the Company are Mr. Wu Jian (Chairman), Mr. Pu Rui (Chief Executive Officer) and Dr. Zhao Mingxun; and the independent non-executive directors of the Company are Professor Wu Jun, Mr. Meng Gaoyuan and Dr. Guan Wenwei.

Notes:

1. A proxy form for use at the meeting is enclosed.
2. Any Shareholder entitled to attend and vote at the meeting of the Company shall be entitled to appoint one or more proxies to attend and vote instead of him. In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

NOTICE OF ANNUAL GENERAL MEETING

4. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be deposited at the Company's Hong Kong branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, the form of proxy will be deemed to have been revoked.
5. A proxy needs not be a Shareholder. A Shareholder may appoint a proxy in respect of part of his holding of Shares in the Company.
6. The transfer books and register of members will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2020.
7. In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the meeting to protect attending Shareholders, staff and other stakeholders from the risk of infection:
 - (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
 - (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the meeting venue a declaration form confirming their names and contact details, and confirming that they have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the meeting venue or be required to leave the meeting venue.
 - (iii) The Company encourages attendees to wear surgical face masks inside the meeting venue at all times.
 - (iv) No refreshments will be served, and there will be no corporate gifts.
8. In the case of joint holders of a Share/Shares in the Company if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

* *For identification purpose only*