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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Southwest Securities International Securities Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Review Period**”), together with the comparative figures for the six months ended 30 June 2024, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	49	145
Other income	5	5,130	8,173
		5,179	8,318
Fee and commission expenses		(20)	(119)
Finance costs	6(a)	(4,029)	(6,304)
Staff costs	6(b)	(7,298)	(11,527)
Depreciation of fixed assets		(195)	(263)
Reversal of (expected credit losses) on financial assets, net	6(c)	40	(9)
Other operating expenses		(5,153)	(6,143)
Total expenses		(16,655)	(24,365)

* For identification purposes only

		Unaudited	
		Six months ended 30 June	
		2025	2024
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	6	(11,476)	(16,047)
Income tax	7	<u>—</u>	<u>—</u>
Loss for the period and total comprehensive expense for the period attributable to equity shareholders of the Company		<u>(11,476)</u>	<u>(16,047)</u>
Loss per share			
— Basic (<i>HK cents</i>)	8	<u>(0.313)</u>	<u>(0.438)</u>
— Diluted (<i>HK cents</i>)	8	<u><u>(0.313)</u></u>	<u><u>(0.438)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 June 2025 <i>HK\$'000</i>	Audited At 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Fixed assets		132	327
Intangible assets		–	–
Financial assets at fair value through other comprehensive income	9	–	–
Other non-current assets		<u>250</u>	<u>300</u>
		<u>382</u>	<u>627</u>
Current assets			
Accounts receivable	10	1,383	1,355
Prepayments, other receivables and other assets		7,473	4,084
Cash and bank balances	11	<u>82,187</u>	<u>91,789</u>
		<u>91,043</u>	<u>97,228</u>
Current liabilities			
Bonds payable	12	–	–
Other payables and accrued charges		3,448	3,621
Provisions		1,841	3,995
Amounts due to immediate holding company		<u>145,905</u>	<u>138,532</u>
		<u>151,194</u>	<u>146,148</u>
Net current liabilities		<u>(60,151)</u>	<u>(48,920)</u>
Total assets less current liabilities		<u>(59,769)</u>	<u>(48,293)</u>

	Unaudited At 30 June 2025 <i>HK\$'000</i>	Audited At 31 December 2024 <i>HK\$'000</i>
Capital and reserves		
Share capital	366,182	366,182
Reserves	(1,005,951)	(994,475)
Other equity instrument	<u>580,000</u>	<u>580,000</u>
	<u>(59,769)</u>	<u>(48,293)</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The interim condensed consolidated financial information is 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.

Going concern assumption

The Group incurred a consolidated loss of approximately HK\$11,476,000 for the six months ended 30 June 2025, had net current liabilities of approximately HK\$60,151,000 and capital deficiency of approximately HK\$59,769,000 as at 30 June 2025, which was mainly attributable to loans from immediate holding company including both principal and accrued interest of total of approximately HK\$145,905,000, which included a term loan (the “**Controlling Shareholder’s Term Loan**”) from the controlling shareholder of the Company, Southwest Securities International Investment Limited (“**SSII**”), of approximately HK\$130,429,000 and a revolving facility (the “**Controlling Shareholder’s Revolving Loan**”) provided by SSII of approximately HK\$15,476,000, that both the principal and interest portion would be due for repayment on 27 March 2026, while its cash and bank balances amounted to only approximately HK\$82,187,000 as at 30 June 2025.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

In the preparation of the Group’s interim condensed consolidated financial information, the directors of the Company (the “**directors**”) have considered the on-going cash flow situation and the continuous financial support that might have from SSII covering a period of not less than twelve months from 30 June 2025 and have given careful consideration to the Group’s future liquidity and performance and its available sources of financing to continue as a going concern.

After taking into account the following considerations, the interim condensed consolidated financial information have been prepared by the Directors on a going concern basis:

- (i) the Controlling Shareholder’s Term Loan and the Controlling Shareholder’s Revolving Loan maturing on 27 March 2026;
- (ii) the repayment of the Controlling Shareholder’s Term Loan and Controlling Shareholder’s Revolving Loan could be negotiated and further agreed upon in writing as stipulated in the Controlling Shareholder’s Term Loan agreement, the Controlling Shareholder’s Revolving Loan agreement and the relevant supplementary agreements, if necessary; and

- (iii) as of the date on which these interim condensed consolidated financial information are being approved by the Directors, SSII has provided a written letter confirming its intention to ensure that the Group will have sufficient working capital to maintain its operations until 31 August 2026 during its term as the controlling shareholder of the Company but no later than 31 August 2026.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) the financial ability of SSII to fulfill the letter of commitment during its term as the controlling shareholder of the Company but no later than 31 August 2026 to ensure that the Group will have sufficient working capital to maintain its operations until 31 August 2026; and (ii) the final settlement date of the Controlling Shareholder's Term Loan and the Controlling Shareholder's Revolving Loan as further mutually agreed upon with SSII, if necessary.

Should the Group be unable to achieve the above-mentioned measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected by the directors in the interim condensed consolidated financial information.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The measurement basis used in the preparation of these interim condensed consolidated financial information is the historical cost basis except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

3. REVENUE

An analysis of revenue is as follows:

		Unaudited	
		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
<i>Note</i>			
Total revenue from contracts with customers within scope of HKFRS 15			
<i>Brokerage:</i>			
	— commission income on securities dealing	<u>49</u>	<u>48</u>
	Total revenue from contracts with customers	<u>(i) 49</u>	<u>48</u>
Revenue from other sources			
<i>Interest income calculated using the effective interest method from:</i>			
	— margin financing	<u>—</u>	<u>—</u>
	<i>Net gains from proprietary trading</i>	<u>—</u>	<u>97</u>
	Total revenue from other sources	<u>—</u>	<u>97</u>
	Total revenue	<u><u>49</u></u>	<u><u>145</u></u>

Note:

(i) An analysis of total revenue from contracts with customers was as follows:

		Unaudited	
		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
<i>Analyse by business segment:</i>			
<i>Brokerage</i>			
	— services transferred at a point in time	<u><u>49</u></u>	<u><u>48</u></u>
<i>Analyse by timing of revenue recognition:</i>			
	— services transferred at a point in time	<u><u>49</u></u>	<u><u>48</u></u>

4. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers (“CODM”) to evaluate the performance of operating segments based on the Group’s internal reporting in respect of these segments. 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 CODM.

Reportable operating segments

The CODM consider brokerage and margin financing, corporate finance, proprietary trading and asset management are the Group’s major operating segments.

	For the six months ended 30 June 2025 (Unaudited)					
	Brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Proprietary trading HK\$'000	Asset management HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Segment revenue from external customers	49	–	–	–	–	49
Other income	1,138	2,394	–	1,499	99	5,130
Fee and commission expenses	(20)	–	–	–	–	(20)
Finance costs	(2,345)	(1,127)	–	(398)	–	(3,870)
Reversal of expected credit losses on financial assets, net	40	–	–	–	–	40
Other operating expenses	(3,445)	(1,505)	(1,246)	(1,428)	(562)	(8,186)
Segment results	(4,583)	(238)	(1,246)	(327)	(463)	(6,857)
Unallocated expenses, represented central administration costs						(4,265)
Unallocated depreciation of fixed assets						(195)
Unallocated finance costs						(159)
Loss before tax						(11,476)

For the six months ended 30 June 2024 (Unaudited)

	Brokerage and margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>48</u>	<u>–</u>	<u>97</u>	<u>–</u>	<u>–</u>	<u>145</u>
Other income	<u>1,333</u>	<u>2,556</u>	<u>–</u>	<u>1,218</u>	<u>3,066</u>	<u>8,173</u>
Fee and commission expenses	<u>(117)</u>	<u>(2)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(119)</u>
Finance costs	<u>(1,966)</u>	<u>(957)</u>	<u>–</u>	<u>(356)</u>	<u>–</u>	<u>(3,279)</u>
Expected credit losses on financial assets, net	<u>108</u>	<u>(117)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(9)</u>
Other operating expenses	<u>(4,393)</u>	<u>(3,239)</u>	<u>(635)</u>	<u>(1,955)</u>	<u>(2,579)</u>	<u>(12,801)</u>
Segment results	<u>(4,987)</u>	<u>(1,759)</u>	<u>(538)</u>	<u>(1,093)</u>	<u>487</u>	<u>(7,890)</u>
Unallocated expenses, represented central administration costs						(4,869)
Unallocated depreciation of fixed assets						(263)
Unallocated finance costs						<u>(3,025)</u>
Loss before tax						<u><u>(16,047)</u></u>

Geographical segments

The geographical location of customers is based on the location at which the services were provided. During the six months ended 30 June 2025 and 30 June 2024, the Group's revenue is mainly derived from customers in Hong Kong.

5. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Other income		
Other interest income	1,212	4,841
Sundry income	3,918	3,332
	<u>5,130</u>	<u>8,173</u>

6. LOSS BEFORE TAX

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Loss before tax is arrived at after charging/(crediting):		
(a) Finance costs		
Interest expenses on loans from immediate holding company	4,029	3,102
Bonds interest expenses	–	3,051
Imputed interest expenses on bonds payable	–	151
	<u>4,029</u>	<u>6,304</u>
(b) Staff costs		
Salaries, commission and allowances	7,119	11,243
Contributions to retirement benefit schemes	179	284
	<u>7,298</u>	<u>11,527</u>
(c) Other items		
(Reversal of) expected credit losses on financial assets, net	(40)	9
Exchange loss, net	–	310

7. INCOME TAX

Hong Kong Profits Tax has not been provided for entities within the Group for the six months ended 30 June 2025 since the entities' assessable profit is wholly absorbed by tax losses brought forward or the entities did not derive assessable profit (six months ended 30 June 2024: the entities did not derive assessable profit).

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

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss for the period attributable to the equity shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2025	2024
Loss for the period attributable to equity shareholders of the Company (<i>HK\$'000</i>)	<u>(11,476)</u>	<u>(16,047)</u>
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share (<i>In '000</i>)	<u>3,661,831</u>	<u>3,661,831</u>
Basic loss per share (<i>HK cents</i>)	<u>(0.313)</u>	<u>(0.438)</u>
Diluted loss per share (<i>HK cents</i>)	<u>(0.313)</u>	<u>(0.438)</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. As at 30 June 2025, the Group held one (at 31 December 2024: one) investment with no fair value.

10. ACCOUNTS RECEIVABLE

The carrying values of accounts receivable arising from the ordinary course of business of the Group are as follows:

		Unaudited	Audited
		At	At
		30 June	31 December
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of broking in securities:			
— securities margin clients	(a)	513,346	513,355
— securities cash clients	(b)	240	227
— securities brokers	(b)	383	385
Accounts receivable arising from the provision of asset management advisory services		936	936
Accounts receivable arising from the provision of corporate finance advisory services	(b)	150	150
		515,055	515,053
Less: Impairment		(513,672)	(513,698)
		1,383	1,355

Notes:

(a) Accounts receivable analysis on securities margin clients

- (i) The carrying amount of accounts receivable from securities margin clients of the Group was as follows:

	Unaudited	Audited
	At	At
	30 June	31 December
	2025	2024
	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities:		
— Securities margin clients	513,346	513,355
Less: Impairment		
— Stage 1	—	—
— Stage 2	—	—
— Stage 3	(513,341)	(513,350)
	5	5

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 Review Period, fair value of marketable securities pledged by securities margin clients was approximately HK\$155,000 (at 31 December 2024: approximately HK\$322,000).

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

- (ii) The movements in the impairment allowance of accounts receivable from securities margin clients were as follows:

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	–	–	533,504	533,504
Credited to profit or loss	–	–	(20,137)	(20,137)
Exchange difference	–	–	(17)	(17)
As at 31 December 2024 (audited) and 1 January 2025	–	–	513,350	513,350
Credited to profit or loss	–	–	(23)	(23)
Exchange difference	–	–	14	14
As at 30 June 2025 (unaudited)	–	–	513,341	513,341

(b) Accounts receivable analysis other than securities margin clients

- (i) The carrying values of accounts receivable other than from securities margin clients of the Group are as follows:

	<i>Notes</i>	Unaudited At 30 June 2025 <i>HK\$'000</i>	Audited At 31 December 2024 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of broking in securities:			
— securities cash clients	(1)	240	227
— securities brokers	(2)	383	385
Accounts receivable arising from the provision of asset management advisory services	(3)	936	936
Accounts receivable arising from the provision of corporate finance advisory services	(3)	150	150
		1,709	1,689
Less: Impairment	(4)	(331)	(348)
		1,378	1,350

- (1) Accounts receivable from cash clients arising from the business of dealing in securities are repayable on demand on settlement date. Overdue accounts receivable are repayable on demand and charged interests at commercial rates. The normal settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are one to three days after trade date. 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.
- (2) At the end of the Review Period, accounts receivable from securities brokers were not overdue.
- (3) At the end of the Review Period, the ageing analysis of accounts receivable net of impairment arising from the provision of asset management advisory services and corporate finance advisory services, based on the invoice date which approximates the respective revenue recognition dates, was as follows:

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Overdue:		
Within 30 days	50	936
31–90 days	–	–
91–180 days	886	–
Over 180 days	–	–
	<u> </u>	<u> </u>
	936	936
	<u> </u>	<u> </u>

- (4) The movements in the impairment allowance of accounts receivable other than securities margin clients were as follows:

	Lifetime ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL	
	12-month ECL (Stage 1) HK\$'000	not credit- impaired (Stage 2) HK\$'000	credit- impaired (Stage 3) HK\$'000	simplified approach HK\$'000	Total HK\$'000
As at 1 January 2024	–	–	173	18	191
Charged/(credited) to profit or loss	<u>–</u>	<u>–</u>	<u>25</u>	<u>132</u>	<u>157</u>
As at 31 December 2024 (audited) and 1 January 2025	–	–	198	150	348
Charged/(credited) to profit or loss	<u>–</u>	<u>1</u>	<u>(18)</u>	<u>–</u>	<u>(17)</u>
As at 30 June 2025 (unaudited)	<u>–</u>	<u>1</u>	<u>180</u>	<u>150</u>	<u>331</u>

11. CASH AND BANK BALANCES

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the Review Period, trust monies not otherwise dealt with in the interim condensed consolidated financial information amounted to approximately HK\$17,973,000 (at 31 December 2024: approximately HK\$17,928,000).

12. BONDS PAYABLE

	2021 USD Bonds <i>HK\$'000</i>
Carrying amount at 1 January 2024	722,422
Imputed interest expenses for the year	151
Exchange difference	500
Principal repayment	<u>(723,073)</u>
Carrying amount at 31 December 2024 (audited) and 1 January 2025	–
Imputed interest expenses for the period	–
Exchange difference	–
Principal repayment	<u>–</u>
Carrying amount at 30 June 2025 (unaudited)	<u>–</u>

On 9 February 2021, the Company issued bonds with aggregate principal amount of US\$178,000,000 (the “**2021 USD Bonds**”) to independent third parties. The 2021 USD Bonds bear interest from 9 February 2021 (inclusive) at the fixed rate of 4.00% per annum and guaranteed by SWSC. Interest on 2021 USD Bonds is payable semiannually in arrears. The 2021 USD Bonds are listed on the Stock Exchange. For the years ended 31 December 2023 and 2022, the Company repurchased and cancelled US\$10,000,000 and US\$75,500,000 of 2021 USD Bonds respectively. The remaining portion of US\$92,500,000 was fully settled in February 2024.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Review Period (six months ended 30 June 2024: HK\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL AND REGIONAL ECONOMIC REVIEW

In the first half of 2025, the global and regional economies face multiple challenges and opportunities, including the slowdown in global economic growth and the growth potential brought by new technologies such as artificial intelligence. The uncertainty of national policies, especially changes in trade policies, has an impact on the global economy, and regional economic development also faces different challenges and opportunities.

CHINA'S ECONOMIC DEVELOPMENT AND POLICY SUPPORT

In 2025, China's economic development faces multiple challenges and opportunities at home and abroad. On the one hand, the downward pressure of the global economy, trade frictions and domestic structural problems constrain economic growth; on the other hand, the Chinese government actively responds to it and strives to achieve steady economic growth and high-quality development through policy measures such as expanding domestic demand, cultivating new-quality productive forces, and deepening reform and opening up. In general, the Chinese government is actively responding to the complex economic situation and striving to achieve steady economic growth and high-quality development through a series of policy measures. In the future, China's economic development faces many challenges, but it also has great potential. By deepening reform, expanding opening-up and strengthening international cooperation, China's economy is expected to achieve sustainable development.

THE GROUP'S STRATEGY AND OUTLOOK

In the first half of 2025, the Group continued and closely followed the national strategies, strictly controlled operational risks, optimized asset allocation and steadily promoted the reform and development of various business sections. In the future, the Group will further leverage the advantages of Hong Kong as an international platform, seize the opportunities arising from the strengthening of interconnection, green finance and digital transformation, and enhance its integrated service capabilities. Synchronously, it will ramp up efforts to build compliance culture and put ESG concepts into practice, with a view to contributing to the prosperity of Hong Kong's financial industry and the high-quality development of China.

BUSINESS REVIEW

The Group's principal businesses including brokerage and margin financing, corporate finance, asset management and proprietary trading. During the Review Period, the Group recorded revenue and other income of approximately HK\$5.2 million (six months ended 30 June 2024: approximately HK\$8.3 million) and a loss before tax of approximately HK\$11.5 million (six months ended 30 June 2024: approximately HK\$16.0 million).

Brokerage and Margin Financing

The Group's brokerage and margin financing business includes agency trading of securities, margin financing and related services, from which the revenue during the Review Period amounted to approximately HK\$0.1 million (six months ended 30 June 2024: approximately HK\$0.1 million).

The Group has suspended the direct operation of brokerage business since 20 May 2022 and has remodeled its business by securing multiple sources of referral by entering into client referral agreements with securities brokers in Hong Kong.

On 26 May 2025, the Company's wholly-owned subsidiary, Southwest Securities (HK) Futures Limited, submitted an exit plan for carrying out Type 2 (Dealing in futures contracts) regulated activities to the Securities and Futures Commission (the "SFC"). For details, please refer to the Company's announcement dated 30 May 2025.

Corporate Finance

The Group's corporate finance business includes financial advisory services, underwriting and placement services to corporate clients. No revenue was recorded during the Review Period (six months ended 30 June 2024: Nil).

On 26 May 2025, the Company's wholly-owned subsidiary, Southwest Securities (HK) Capital Limited, submitted an exit plan for carrying out Type 6 (Advising on corporate finance) regulated activities to the SFC. For details, please refer to the Company's announcement dated 30 May 2025.

Asset Management

The Group's asset management business mainly provides services, including investment management, investment advisory and external asset management services. No revenue was recorded during the Review Period (six months ended 30 June 2024: Nil).

The Group currently focuses its resources on procuring new business engagements and opportunities for investment advisory and investment management services.

Proprietary Trading

The Group's proprietary trading business has no revenue recorded during the Review Period (six months ended 30 June 2024: approximately HK\$0.1 million).

In order to strengthen risk control management, the Group has suspended proprietary trading and will resume trading in due course based on market conditions and business development plan.

Other Income

During the Review Period, the Group's other income amounted to approximately HK\$5.1 million (six months ended 30 June 2024: approximately HK\$8.2 million). The decrease in other income was largely due to the decline in funds placed with banks during the Review Period, which led to a drop in interest income from banks.

Staff Costs

During the Review Period, the Group's staff costs amounted to approximately HK\$7.3 million (six months ended 30 June 2024: approximately HK\$11.5 million).

In accordance with the Group's operational and development strategy, each department was staffed with only the necessary manpower, resulting in a corresponding reduction in staff costs. The Group will make flexible adjustments to its staffing levels in alignment with changes in the market business environment and in accordance with the Group's business operation planning and resource deployment as and when appropriate.

Fee and Commission Expenses

The Group's fee and commission expenses during the Review Period were approximately HK\$0.02 million (six months ended 30 June 2024: approximately HK\$0.12 million), which were mainly commission expenses for brokerage business.

Finance Costs

The Group's finance costs during the Review Period amounted to approximately HK\$4.0 million (six months ended 30 June 2024: approximately HK\$6.3 million), a year-on-year decrease of approximately HK\$2.3 million or 36.5%. The finance costs were mainly interest expenses on bonds payable, the interest expenses on unsecured term loan of Southwest Securities International Investment Limited ("SSII"), the controlling shareholder of the Company, and the interest expenses on unsecured revolving loan of the controlling shareholder.

FUTURE PROSPECTS

The Company will concentrate its efforts and resources on further developing and strengthening its Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities businesses to better leverage its existing strengths and operational capabilities in this area. The Company believes that with its ongoing efforts and support from its existing and potential clients and partners, it will be able to effectively implement its resumption plan and demonstrate the viability and sustainability of its business operations. The Company is of the view that with the successful implementation of the resumption plan, the Company's business operation and financial performance will record a significant improvement thereby enabling the Company to comply with the Rule 13.24 of the Listing Rules and fulfil the Resumption Guidance.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2025, the Group's total cash and bank balances were approximately HK\$82.2 million (as at 31 December 2024: approximately HK\$91.8 million) and its net current liabilities amounted to approximately HK\$60.2 million (as at 31 December 2024: net current liabilities of approximately HK\$48.9 million), with a current ratio (ratio of current assets to current liabilities) of 0.6 times (as at 31 December 2024: 0.7 times). The gearing ratio (ratio of total bonds payable to total equity) was 0% (as at 31 December 2024: 0%).

The Group monitored its capital structure to ensure the compliance of its licensed subsidiaries with the capital requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) and to support the development of new business. All licensed corporations within the Group complied with their respective liquidity requirements during the Review Period and up to the date of this announcement.

Banking Facilities and Charges over Assets

As at 30 June 2025, the Group had no outstanding bank loan (as at 31 December 2024: Nil) and no banking facility (as at 31 December 2024: Nil).

Material Acquisitions, Disposals and Significant Investments

During the Review Period, there were no material acquisitions and disposals, nor were there any significant investments (six months ended 30 June 2024: Nil).

Contingencies

The Group had no material contingent liabilities as at 30 June 2025 (as at 31 December 2024: Nil).

Commitments

The Group had no material capital commitments as at 30 June 2025 (as at 31 December 2024: Nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group had no material exposure to fluctuations in exchange rates as at 30 June 2025 (as at 31 December 2024: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 13 employees (as at 30 June 2024: 30 employees). The Group regards its employees as an important asset. We continue to improve our human resources management system. We aim to create a good working environment that attracts, identifies and nurtures talents. The Group has built up a series of internal employment policies, covering recruitment, promotion, remuneration, welfare and benefit, management of the equality and diversity. The Group has established clear policies on its employees' remuneration and a comprehensive performance appraisal system. Discretionary performance bonus is paid by making references to market, business results of the Group, departmental and individual's performance. The discretionary performance bonus aims to retain and reward those employees who have contributed to the Group. The Group offers comprehensive employee benefits covering mandatory provident fund scheme, occupational retirement scheme, medical and dental insurance, life and accident insurance and diverse paid leaves. The Group provides various kinds of on-the-job training, external and internal training programs, including regulatory rules, financial business knowledge, product and operational management guidelines, compliance, risk management, etc.. The training programs enrich the employees' professional knowledge and allow employees to have the latest information and technical skills to perform their duties, sustain and enhance their competence.

CORPORATE GOVERNANCE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value accountability. The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Review Period, the Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry with each Director and, based on such enquiry, confirmed that all the Directors have complied with the required standard as set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES INCLUDING SALE OF TREASURY SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Review Period, including sale of treasury shares (as defined in the Listing Rules).

REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 and this interim results announcement. The Audit Committee considered that the interim results have complied with all applicable accounting standard and the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company’s website at www.swsc.hk and the HKEXnews website at www.hkexnews.hk. The interim report will be published on the aforesaid websites and despatched to the shareholders of the Company in September 2025.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024, remains suspended and will continue to be so until the Company fulfils the resumption guidance (as defined in the Company's announcement dated 28 March 2024) (and any supplement or modification thereto) given by the Stock Exchange. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 22 August 2025

As of the date of this announcement, the executive directors of the Company are Mr. Huang Changsheng (Chief Executive Officer) and Ms. Deng Xiaoting; and the independent non-executive directors of the Company are Mr. Meng Gaoyuan, Mr. Liang Jilin and Mr. Cao Ping.