

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 Director:

Mr. HUANG Changsheng (*Chief executive officer*)

Independent Non-executive Directors:

Mr. MENG Gaoyuan

Mr. LIANG Jilin

Mr. CAO Ping

Registered Office:

Clarendon House

2 Church Street

Hamilton, HM11

Bermuda

Head Office and Principal Place of

Business in Hong Kong:

14/F, One Hysan Avenue

Causeway Bay

Hong Kong

26 July 2024

To the Shareholders

Dear Sir or Madam,

SPECIAL DEAL IN RELATION TO THE REPAYMENT OF SSII LOAN AND NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcements of the Company dated 31 January 2024 and 28 March 2024 in relation to the SSII Term Loan Agreement and the SSII Revolving Facility Agreement, the Joint Announcement in relation to, among others, the Repayment of SSII Loan, and the announcement of the Company dated 2 July 2024 in relation to the execution of the Financing Agreement.

On 21 June 2024 (after trading hours), SSII and the Offeror had entered into the Sale and Purchase Agreement in respect of the Sale and Purchase Transactions. It is one of the Sale and Purchase Conditions that the Offeror shall procure the Independent Lender to enter into the Financing Agreement with the Company within seven business days after the execution of the Sale and Purchase Agreement to provide, in accordance with the terms of the Financing

* For identification purpose only

Agreement, the Independent Financing to the Company within five business days upon fulfillment of each of the Sale and Purchase Conditions (i), (ii), (iv), (v), (vi) and (vii), and the Company having received the Independent Financing.

On 2 July 2024 (after trading hours) (being a date within seven business days after the execution of the Sale and Purchase Agreement), the Financing Agreement had been entered into between the Company (as the borrower) and the Independent Lender (as the lender).

As disclosed in the Joint Announcement, it is one of the Sale and Purchase Conditions that the consent of the Executive in relation to the Repayment of SSII Loan as a “special deal” under Rule 25 of the Takeovers Code shall have been obtained, in order for the Sale and Purchase Transactions to proceed to Completion.

The purpose of this circular is to provide you with, among other things, further details of the Repayment of SSII Loan and the Financing Agreement, including (i) the principal terms of the Financing Agreement; (ii) further details of the Repayment of SSII Loan; (iii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Repayment of SSII Loan; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Repayment of SSII Loan; and (v) the notice of the SGM.

2. THE FINANCING AGREEMENT

The Board is pleased to announce that on 2 July 2024, the Company (as the borrower) and the Independent Lender had entered into the Financing Agreement. Pursuant to the terms of the Financing Agreement, the Independent Lender shall conditionally offer a term loan in the amount of HK\$70,000,000 to the Company. The principal terms of the Financing Agreement, which has been disclosed in the Joint Announcement and announcement of the Company dated 2 July 2024, are summarised as follows:

Date	:	2 July 2024
Parties	:	The Company (as the borrower) The Independent Lender (as the lender)
Facility amount	:	HK\$70,000,000
Interest rate	:	15% per annum
Purpose	:	Solely for the purpose of repayment of the SSII Loan

- Conditions precedent
- The grant of the Independent Financing under the Financing Agreement is conditional upon the fulfillment of the following conditions precedent (the “**Advance Condition(s)**”):
- (i) The SFC granting approval to Mr. Wong in becoming a substantial shareholder of the Company and the Licensed Corporations, as a result of the acquisition of the Sale Shares;
 - (ii) The consent of the Executive in relation to the Repayment of SSII Loan as a “special deal” under Rule 25 of the Takeovers Code having been obtained;
 - (iii) The Independent Financial Adviser having issued the opinion that the Special Deal is of normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the passing of the necessary ordinary resolution by the Independent Shareholders at a special general meeting, namely with more than 50% of the votes cast by all Independent Shareholders who had attended the SGM in person or by proxy, to approve the Repayment of SSII Loan;
 - (iv) Mr. Wong, SSII and the Group having obtained all the necessary approvals, consents (and/or if necessary, waivers) from the relevant governmental or regulatory authorities (including but not limited to Chongqing SASAC, Chongqing CSRC and CSRC) and/or the relevant written consent of other third parties (including the banks) in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder; and
 - (v) If necessary, SWSC having convened a general meeting and obtained the approval from its shareholders in respect of the transactions contemplated under the Sale and Purchase Agreement.

Under the Financing Agreement, the Company and the Independent Lender have further acknowledged and agreed that there are no other conditions precedent (implied or otherwise) to the obligation of the Independent Lender to make the Independent Financing on the Drawdown Date other than the Advance Conditions.

Notwithstanding any other provision of the Financing Agreement, during the availability period, the Independent Lender shall not, and shall not be entitled to:

- (i) invoke any other conditions precedent which is not set out in the Financing Agreement as a ground for refusing to make the Independent Financing other than the Advance Conditions;
- (ii) cancel all or any part of the Independent Financing;
- (iii) rescind, terminate or cancel the Financing Agreement or the Independent Financing or exercise any similar right or remedy or make or enforce any claim under the Financing Agreement or otherwise that it may have;
- (iv) refuse to fund, or prevent or limit or delay, the making of the Independent Financing if the Advance Conditions are satisfied;
- (v) exercise any right of set-off or counterclaim in respect of any disbursement under the Independent Financing; or
- (vi) cancel, accelerate or cause repayment or prepayment of any amounts owing under the Financing Agreement.

Security : None

- Availability period : From the date of the Financing Agreement to the date on which the Sale and Purchase Agreement is lapsed or terminated (and if such date is not a bank business day, the first bank business day immediately after the date on which the Sale and Purchase Agreement is lapsed or terminated).
- Drawdown : The Company may submit a drawdown notice to the Independent Lender within five business days commencing from the date on which all the Advance Conditions are satisfied (or, if applicable, waived) to make a one-time drawdown of the fund available under the Independent Financing.
- Repayment and prepayment : The Company shall repay the entire principal amount and the corresponding interest to the Independent Lender on or before the Final Repayment Date.

Upon prior consent of Independent Lender, the Company may from time to time prepay all or any portion of the Independent Financing, including interest accrued up to the date of prepayment on the amount prepaid and any other amount then payable under the Financing Agreement.

3. UTILISING THE INDEPENDENT FINANCING FOR THE REPAYMENT OF SSII LOAN

SSII Loan drawdown by the Company

Reference is made to the announcement of the Company dated 31 January 2024.

On 31 January 2024, the Company had announced that SSII, the immediate controlling Shareholder and a wholly-owned subsidiary of SWSC, had entered into the SSII Term Loan Agreement with the Company. Pursuant to the SSII Term Loan Agreement, the Company may drawdown no more than HK\$120,000,000 or equivalent from SSII on 1 February 2024, being the drawdown date for the purpose of repayment of debts arising from the USD Bonds. The Company fully repaid the USD Bonds upon maturity in February 2024.

Further reference is made to the announcement of the Company dated 28 March 2024.

On 28 March 2024, SSII and the Company had entered into the SSII Revolving Facility Agreement, pursuant to which, the Company shall be entitled to drawdown a maximum of HK\$25,000,000 or equivalent from the SSII Revolving Facility, to provide general working capital in supporting the daily operation of the Group.

As of the Latest Practicable Date, the Company had made drawdown from the SSII Term Loan Agreement and the SSII Revolving Facility Agreement in the total amount of approximately HK\$125,349,324.28 or equivalent, and the amount of interest payable by the Company to SSII as of the Latest Practicable Date is HK\$3,609,272.41. Pursuant to the terms of the SSII Term Loan Agreement and the SSII Revolving Facility Agreement, the Company shall, unless otherwise agreed by SSII and the Company in writing, repay the entire principal amount and the corresponding interest under each of the SSII Term Loan Agreement and the SSII Revolving Facility Agreement to SSII on or before 31 December 2024, being the final repayment date. Should Completion shall take place later than 31 December 2024, it is the intention of SSII, being the lender of the aforesaid SSII Loan, to extend the final repayment date in respect of the SSII Loan to 30 June 2025 (and in any event no later than the expected Completion Date).

As of the Latest Practicable Date, other than the SSII Term Loan Agreement and the SSII Revolving Facility Agreement, no other loan agreements have been entered into between the Company as the borrower and SSII as the lender.

Utilisation of the Independent Financing to repay the SSII Loan

To facilitate the repayment of the SSII Loan, it has been agreed between SSII and Mr. Wong, as a Sale and Purchase Condition (i.e. Sale and Purchase Condition (iii)), that Mr. Wong shall procure the Independent Lender to enter into the Financing Agreement with the Company within seven business days after the execution of the Sale and Purchase Agreement to provide, in accordance with the terms of the Financing Agreement, the Independent Financing to the Company within five business days upon fulfillment of each of the Sale and Purchase Conditions (i), (ii), (iv), (v), (vi) and (vii), and the Company having received the Independent Financing.

Accordingly, it was a material term as agreed between the Company (as the borrower) and the Independent Lender (as the lender and as procured by the Offeror) that the purpose of the Independent Financing shall be designated solely for the Repayment of SSII Loan.

On 2 July 2024, the Financing Agreement had been entered into between the Company (as the borrower) and the Independent Lender (as the lender). Once each of the Sale and Purchase Conditions (i), (ii), (iv), (v), (vi) and (vii) (which mirrors with the Advance Conditions) have been fulfilled, the Independent Lender shall be obligated to advance the Independent Financing to the Company in accordance with the terms of the Financing Agreement. Once the Independent Financing is received by the Company, the Sale and Purchase Condition (iii) is considered fulfilled.

4. SETTLEMENT OF THE SSII LOAN BALANCE PRIOR TO COMPLETION

Settlement of the SSII Loan Balance

Reference is made to the Joint Announcement.

As disclosed therein, pursuant to the terms of the Sale and Purchase Agreement, Mr. Wong has made a specific post-completion undertaking to SSII that subject to:

- (a) the consent of the Executive in relation to the Repayment of SSII Loan as a “special deal” under Rule 25 of the Takeovers Code having been obtained;
- (b) the passing of the necessary ordinary resolution by the Independent Shareholders at a special general meeting, namely with more than 50% of the votes cast by Independent Shareholders who had attended the SGM in person or by proxy, to approve the Repayment of SSII Loan; and
- (c) SSII having discharged the repayment obligation of the Company in respect of the SSII Dischargeable Balance,

Mr. Wong shall procure the Company to repay the SSII Loan Balance within six months after the Completion Date (in any event no later than 30 June 2025).

For illustration:

SSII Loan Balance is calculated in accordance with the formula as follows:

$$\text{SSII Loan Balance} = \text{SSII Loan (inclusive of the corresponding interests)} - \text{Independent Financing} - \text{SSII Dischargeable Balance}$$

SSII Loan

As of the Latest Practicable Date, the outstanding balance of the SSII Loan was approximately HK\$129 million (of which comprising (i) HK\$120.0 million or equivalent drawn down from SSII Term Loan Agreement, (ii) approximately HK\$5.4 million or equivalent drawn down from the SSII Revolving Facility Agreement, and (iii) approximately HK\$3.6 million or equivalent being the corresponding interests payable as of the date of the Latest Practicable Date pursuant to the terms of SSII Term Loan Agreement and SSII Revolving Facility Agreement).

The Company may, depending on its general working capital need, further draw down the entire or part of the remaining facility amount of approximately HK\$19,650,675.72 or equivalent from the SSII Revolving Facility Agreement as of the Latest Practicable Date.

Independent Financing

Pursuant to the terms of the Financing Agreement, the amount of Independent Financing that may be drawn down from the Financing Agreement upon satisfaction or waiver of all Advance Conditions is HK\$70,000,000.

SSII Dischargeable Balance

SSII Dischargeable Balance shall be a balance to be ascertained between the Company and SSII before the Completion Date, whereby a Deed of Amendment in respect of the SSII Loan shall be entered into between the Company (as the borrower under the SSII Term Loan Agreement and the SSII Revolving Facility Agreement) and SSII (as the lender under the aforesaid agreements), pursuant to which SSII shall unequivocally discharge, prior to the Completion Date, the obligation of the Company to repay part of the principal sum and the corresponding interest under the SSII Term Loan Agreement and the SSII Revolving Facility Agreement, in the amount to be calculated by deducting (A) the SSII Loan and the interests thereof with (B) the balance of the restricted capital of the Licensed Corporations as of the Completion Date pursuant to Securities and Futures (Financial Resources) Rules and the requirement of the SFC.

For illustration:

SSII Dischargeable Balance = SSII Loan (inclusive of the corresponding interests) – the balance of the restricted capital of the Licensed Corporations as of the Completion Date pursuant to Securities and Futures (Financial Resources) Rules and the requirement of the SFC

Balance of the restricted capital of the Licensed Corporations

“The balance of the restricted capital of the Licensed Corporations as of the Completion Date pursuant to Securities and Futures (Financial Resources) Rules and the requirement of the SFC” refers to the aggregate cash balance expected to be held by the Licensed Corporations, namely SWS Asset Management, SWS Brokerage, SWS Capital, SWS Futures, as of the Completion Date. As of the Latest Practicable Date, the amount of cash balance held by the Licensed Corporations in total is approximately HK\$80 million.

Furthermore, the Company is in the process of recovering approximately HK\$20 million from an ongoing litigation dispute between SWS Brokerage and an individual concerning recovery of outstanding margin loan. It is also expected that the Licensed Corporations would generate net cash income of around HK\$5 million from business operations and other litigation settlements prior to Completion. Accordingly, the approximate balance of restricted capital as of the Completion Date is estimated to range from approximately HK\$100 million to HK\$105 million.

Having considered the above and assuming no further drawdown from the SSII Revolving Facility Agreement prior to the Completion Date, the approximate amount for SSII Dischargeable Balance is estimated in the range of:

HK\$129 million – HK\$100 million = HK\$29 million

to

HK\$129 million – HK\$105 million = HK\$24 million

Accordingly, it is estimated that immediately prior to the Completion Date, the SSII Loan Balance, calculated by deducting the SSII Loan and the interests thereof of approximately HK\$129 million with (a) the Independent Financing of HK\$70 million and (b) the SSII Dischargeable Balance, shall be in the range of HK\$30 million to HK\$35 million.

Principal terms of the Deed of Amendment

The principal terms of the Deed of Amendment, which is expected to be entered into between SSII (as the lender), the Company (as the borrower) and Mr. Wong (as the guarantor) before the Completion Date, are as follows:

Partial discharge

SSII (as the lender) agrees to partially discharge the Company (as the borrower) from the principal and corresponding interest that should be repaid according to the SSII Loan Agreements signed by both parties from the date of this Sale and Purchase Agreement up to the Completion Date that are entered into for the purpose of maintaining the daily operations of the Group, so that as of the date of signing the Deed of Amendment, the amount the Company (as the borrower) should repay or pay to SSII (as the lender) shall become an amount equivalent to the SSII Loan Balance.

Guarantee by the Offeror

Mr. Wong (as the guarantor) agrees to unconditionally and irrevocably guarantee to SSII (as the lender) from the date of signing the Deed of Amendment that the Company (as the borrower) will properly and timely perform all its responsibilities and obligations under the SSII Loan Agreements and the Deed of Amendment, and to cause the Company (as the borrower) to repay the SSII Loan Balance to SSII within six months after the Completion Date (and in any case no later than 30 June 2025). Should the Company fail to properly and timely perform any responsibility or obligation, Mr. Wong as the guarantor must immediately perform such responsibilities and obligations of the Company upon SSII's request and ensure the Company's responsibilities and obligations are fulfilled.

Default interest in the event of failure by the Company to repay the SSII Loan Balance

If the Company fails to repay the SSII Loan Balance within six months after the Completion Date (and in any case no later than 30 June 2025) according to the terms of the Deed of Amendment, the Company shall additionally pay default interest on the overdue unpaid amount. The interest rate for overdue interest will be the Hong Kong Interbank Offered Rate (HIBOR) plus one percent, calculated daily until the overdue amount and interest are paid in full, from the due date of the overdue payment until the actual payment date.

5. REASONS FOR AND BENEFITS OF THE SPECIAL DEAL

The Special Deal, which refers to the obligation of the Company (as the borrower) to repay, in accordance with the terms of the SSII Loan Agreements and the proposed Deed of Amendment, to SSII (as the lender and the controlling shareholder of the Company) the SSII Loan by utilising the Independent Financing and by the internal resources of the Company, is an integral part of the Sale and Purchase Transactions.

The Sale and Purchase Transactions, the completion of which is conditional upon, among others, the consent of the Executive in relation to the Repayment of SSII Loan as a “special deal” under Rule 25 of the Takeovers Code having been obtained (i.e. Sale and Purchase Condition (iv)). If the consent from the Executive is not obtained, the Special Deal will not proceed, and neither for the Sale and Purchase Transactions will complete. As the Special Deal forms an integral part of the Sale and Purchase Transactions, the Company is of the view that consent from the Executive is determinant to the completion of the Sale and Purchase Transactions, the proposed change of control of the Company, and the possible eventual resumption of trading in the Shares on the Stock Exchange upon change of control, which will be vital as part of the process of fulfilling the resumption guidance imposed by the Stock Exchange on the Company, and resolving the going concern issue of the Company.

Prior to entering into the Financing Agreement, the Company has explored other financing alternatives such as debt financing, rights issue, open offer or internal cash resources of the Group, if appropriate and taking into consideration the then financial position, capital structure and cost of funding of the Group. Back in December 2023, the Company had reached out to other financial institutions to discuss on bank loan to meet the needs of repayment of the USD Bonds, however after discussions, the other financial intuitions concluded that they are unable to provide borrowing due to the loss-making position of the Company and the lack of fix assets as a collateral.

SSII and Mr. Wong had been in talks for the sale of the Sale Shares since the end of 2022, therefore any new Share issuances during the Offer Period would need Mr. Wong’s consent. In addition, rights issue or open offer may also involve substantial time and cost to complete as compared to obtaining a shareholder’s loan. Although rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, lengthy discussion with potential commercial underwriters may be required and the Company had an urgent need to repay the USD Bond by its maturity date. In addition, carrying out rights issue and open offer may incur certain transaction costs such as underwriting commission and involve extra administrative work and cost. Furthermore, due to the suspension of trading in the Shares since 4 March 2024, rights issue and open offer had become difficult and shall require further consent from regulatory authorities.

Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholder and the Independent Board Committee as to whether, among others, the Special Deal is an arm’s length transaction on normal commercial terms and its terms are fair and reasonable. The Board understands that the Independent Financial Adviser has reviewed the Special Deal and is of the opinion that the Special Deal is an arm’s length transaction on normal commercial terms and the terms of the Special Deal are fair and reasonable.

6. INFORMATION OF THE INDEPENDENT LENDER

Ms. Huang Hou (黄后), the Independent Lender, was introduced by Mr. Wong to the Company in order to fulfill Condition (iii) of the Sale and Purchase Agreement. Ms. Huang is a professional investor based in the PRC and is experienced in investing in securities.

Based on publicly available information, Ms. Huang is the controlling shareholder and an ultimate beneficial owner of Yield Go Holdings Limited (Stock Code: 01796), the shares of which are listed on the Main Board of the Stock Exchange. In addition, Ms. Huang is a substantial shareholder of China Health Technology Group Holdings Company Limited (Stock Code: 01069), the shares of which are listed on the Main Board of the Stock Exchange.

The Independent Lender is a third party independent of, and not connected with, the Company and its connected persons. Furthermore, the Independent Lender is independent of, and is not a party acting in concert with, Mr. Wong and the Offeror.

7. IMPLICATIONS UNDER THE TAKEOVERS CODE

Based on the terms of the Financing Agreement, the purpose of the Independent Financing is designated solely for the purpose of repaying part of the SSII Loan, and SSII is the sole recipient of the Independent Financing. Furthermore, the SSII Loan Balance, which shall be settled by the Company using its internal resources within six months after Completion, shall be repayable only to SSII. As the Repayment of SSII Loan is not extended to all the other Shareholders, such transaction shall constitute a “special deal” under Rule 25 of the Takeovers Code and will be conditional upon obtaining the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code.

An application has been made to the Executive for its consent to the Special Deal pursuant to Note 5 to Rule 25 of the Takeovers Code. The Executive will normally consent to the Special Deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the Special Deal is an arm’s length transaction on normal commercial terms and that its terms are fair and reasonable; and (ii) the Special Deal is approved at the SGM by way of poll by the Independent Shareholders.

The Independent Board Committee comprising three (3) independent non-executive Directors, namely Mr. Meng Gaoyuan, Mr. Liang Jilin and Mr. Cao Ping, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give recommendations to the Independent Shareholders as to whether the terms of the Repayment of SSII Loan are fair and reasonable and as to the voting action at the SGM.

8. SGM

The SGM will be held on Wednesday, 21 August 2024 at 9:30 a.m. at Meeting Room Hennessy, 31/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong to consider and, if thought fit, to approve the proposed resolution relating to the Special Deal and the vote will be conducted by way of a poll pursuant to Rule 2.9 of the Takeovers Code and Rule 13.39(5) of the Listing Rules. A notice of the SGM is set out on pages 55 to 56 of this circular. A proxy form for appointing proxy is despatched with this circular and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.swsc.hk). Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or the adjourned meeting. Completion and return of a proxy form will not preclude you from attending and voting at the SGM and any adjourned SGM if you so wish.

As at the Latest Practicable Date:

- (1) SSII, being the immediate controlling shareholder of the Company, owns and control 2,713,469,233 Shares, representing approximately 74.1% of the entire issued share capital of the Company. SSII is wholly owned by SWSC, the ultimate holding company of the Company, which is incorporated in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange;
- (2) neither the Offeror, Mr. Wong nor any party acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company;

SSII and its associates and parties acting in concert with it will abstain from voting on the proposed resolution in respect of the Special Deal at the SGM. Any other Shareholders who are involved in or interested in the Special Deal or any transactions contemplated therein will abstain from voting on the proposed resolution in respect of the Special Deal at the SGM.

9. WARNING

The Financing Agreement and the arrangements concerning the Independent Financing are conditional upon fulfillment of the Sale and Purchase Conditions set out in the Sale and Purchase Agreement, the Shareholders and potential investors of the Company shall note that the above transaction may or may not proceed. In the event that the Offeror fails to fulfill the relevant Sale and Purchase Conditions, the Repayment of SSII Loan shall cease to be a "special deal" under Rule 25 of the Takeovers Code, and shall no longer require consent of the Executive or approval of the Independent Shareholders. Shareholders should also note that the resumption of trading in the Shares

is not solely dependent on the Repayment of SSII Loan or the proposed change of control of the Company from SSII to the Offeror, but also subject to the fulfilment of the resumption guidance to the Stock Exchange's satisfaction, including to demonstrate the Company's compliance with Rule 13.24 of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

10. RECOMMENDATION

The Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the Special Deal is fair and reasonable and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole. Accordingly, the Directors (including the independent non-executive Directors who have expressed their views in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote for the resolution to approve the Special Deal. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser before deciding how to vote on the resolution(s) relating to the Special Deal to be proposed at the SGM.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice convening the SGM.

12. CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024, remains suspended and will continue to be so until the Company fulfils the resumption guidance issued by the Stock Exchange to the Company (and any supplement or modification thereto). The Company will publish further announcement(s) to inform the Shareholders of its progress in complying with the resumption guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

Yours faithfully

By order of the Board

Southwest Securities International Securities Limited

Huang Changsheng

Executive Director and Chief Executive Officer

