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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)

DISCLOSEABLE TRANSACTION **PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY**

THE FACILITY AGREEMENT

The Board announces that on 7 March 2017, the Lender, entered into the Facility Agreement with the Borrower and the Guarantor, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$200 million, bearing interest at a rate of sixteen (16%) percent per annum for a period of four months, subject to any potential extension by mutual agreement according to the Facility Agreement.

THE LISTING RULES IMPLICATIONS

The provision of Loan constitutes a financial assistance provided by the Company within the meaning of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeds 5% but all of them are less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Loan to the Borrower constitutes an advance to an entity under the Listing Rules and the assets ratio as defined under Rule 14.07(1) of the Listing Rules exceeds 8%, the advance of the Loan to the Borrower is also subject to the general disclosure obligation under Rule 13.13 and Rule 13.15 of the Listing Rules.

INTRODUCTION

The Board announces that on 7 March 2017, the Lender, entered into the Facility Agreement with the Borrower and the Guarantor, pursuant to which the Lender has agreed to lend to the Borrower a term loan in the principal amount of HK\$200 million, bearing interest at a rate of sixteen (16%) percent per annum for a period of four months, subject to any potential extension by mutual agreement according to the Facility Agreement.

The Loan is secured by (i) a guarantee given by the Guarantor in favour of the Lender for the due and punctual performance of the Borrower and the Guarantor's obligations under the Facility Agreement; and (ii) the Share Charge in favour of the Lender over the Charged Shares upon the terms of the Share Charge.

The principal terms of the Facility Agreement are summarized as follows:

THE FACILITY AGREEMENT

Date:	7 March 2017
Lender:	Southwest Securities (HK) Finance Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company
Borrower:	Champion Technology Holdings Limited (冠軍科技集團有限公司), a company incorporated under the laws of Bermuda whose shares are listed on the main board of the Stock Exchange (stock code: 092)
Guarantor:	Mr. CHENG Yang (程楊), an individual holding Hong Kong identity card, who beneficially owns not less than 1,766,860,957 ordinary shares in the issued share capital of the Borrower as at the date of this announcement
Principal amount:	HK\$200 million
Interest Rate:	Interest on the Loan shall accrue at a rate of sixteen (16%) percent per annum, or such rate as may be imposed by the Lender, pursuant to the terms and conditions stipulated in the Facility Agreement and shall be repaid on the last day of each successive period of three (3) months starting from the Utilisation Date until the Termination Date or, subject to any extension, a date as mutually agreed according to the Facility Agreement
Repayment of the Loan:	(i) The Borrower shall repay the Loan on the Termination Date or, by mutual agreement according to the Facility Agreement, any extended date; and (ii) The Borrower may not reborrow any part of the Loan amount which is repaid
Termination Date:	the date which falls four (4) months from the Utilisation Date, except that, if the Termination Date would otherwise fall on a day which is not a Business Day, it will instead be the immediately preceding Business Day

Option to extend

Subject to the Borrower complying with its obligations under Facility Agreement and the written consent by the Lender and the requested extension of the Loan complying with any applicable laws and regulations, the Borrower may, by written notice and according to the Facility Agreement, request that the Termination Date to be extended for a period of 2 months from the Termination Date or such other date as may be stated and agreed in the written notice

Security for the Loan:

The Loan is secured by (i) a guarantee given by the Guarantor in favour of the Lender for the due and punctual performance of the Borrower and the Guarantor's obligations under the Facility Agreement; and (ii) the Share Charge in favour of the Lender over the Charged Shares upon the terms of the Share Charge

The terms of the Facility Agreement were arrived at after arm's length negotiations between the Lender, the Borrowers and Guarantor. The Loan will be funded from internal working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Facility Agreement are in the ordinary and usual course of business of the Group and the terms of the Facility Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Guarantor, the Borrower and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ON THE COMPANY, THE GROUP AND THE LENDER

The Company is an investment holding company and the Group is principally engaged in futures broking, securities broking and margin financing, corporate finance, wealth management and insurance broking, money lending and proprietary trading.

The Lender is principally engaged in money lending business in Hong Kong. The Lender, being an indirectly wholly-owned subsidiary of the Company, is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Cap.163) of the Laws of Hong Kong.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated under the laws of Bermuda whose shares are listed on the main board of the Stock Exchange (stock code: 092). The borrower is an investment holding company, the subsidiaries of which are principally engaged in sale of cultural products, sale of goods and licensing (including sale of system products, software licensing and customisation, as well as provision of services), leasing of system products and holding strategic investments in advanced technology product development companies and e-commerce projects.

INFORMATION ON THE GUARANTOR

The Guarantor, an individual holding Hong Kong identification card, who beneficially owns not less than 1,766,860,957 ordinary shares in the issued share capital of the Borrower as at the date of this announcement.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN

The Loan was collateralised and was made on the basis of the Lender's credit assessments made on (i) the Borrower's financial strength and repayment ability, and (ii) the securities collateral provided by the Borrower. The Company expects that the securities collateral provided by the Borrower for the Loan is sufficient as the loan-to-value ratio of the securities collateral is approximately 43.97% based on the market value of 640,689,792 shares of the Charged Company as at 6 March 2017 charged by the Borrower to the Lender. The securities collateral provided by the Borrower will not be released by the Lender unless and until all sums due and owing to the Lender have been fully repaid by the Borrower. After taking into account the factors as disclosed above in assessing the risks of the advance, the Company considers that the risks involved in the advance to the Borrower are relatively low.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACILITY AGREEMENT

The Lender is a licensed money lender and its principal activity is provision of money lending services. The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Lender and will bring interest income to the Group. The provision of the Loans denotes a transaction of a revenue nature.

The Directors consider that the provision of the Loan to the Borrower is in the interests of the Company and its shareholders as a whole.

THE LISTING RULES IMPLICATIONS

The provision of Loan constitutes a financial assistance provided by the Company within the meaning of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan exceeds 5% but all of them are less than 25%, the provision of the Loan constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Loan to the Borrower constitutes an advance to an entity under the Listing Rules and the assets ratio as defined under Rule 14.07(1) of the Listing Rules exceeds 8%, the advance of the Loan to the Borrower is also subject to the general disclosure obligation under Rule 13.13 and Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings as specified herein:

“Board”	the board of Directors of the Company from time to time
“Borrower”	Champion Technology Holdings Limited (冠軍科技集團有限公司), a company incorporated under the laws of Bermuda whose shares are listed on the main board of the Stock Exchange (stock code: 092)
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong
“Charged Company”	Kantone Holdings Limited (看通集團有限公司), a company incorporated under the laws of Cayman Islands, whose shares are listed on the main board of the Stock Exchange (stock code: 1059)
“Charged Shares”	means: (i) all the 640,689,792 shares owned by the Borrower as the “Chargor”, representing approximately 64% of the issued share capital of the Charged Company, and related rights and interests which are legally and/or beneficially owned by the Chargor and such other Shares which are held from time to time in a custodian account or in certificated form by the Chargor; and (ii) the Future Shares
“Company”	Southwest Securities International Securities Limited (西證國際證券股份有限公司*), a company incorporated with limited liability in Bermuda, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 812)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Facility Agreement”	the Facility Agreement dated 7 March 2017 entered into among the Lender, the Borrower and the Guarantor

“Future Shares”	means:
	(i) all the Shares to be issued to the Chargor by the Charged Company pursuant to the Facility Agreement which are subject to the Charges; and
	(ii) related rights and interests which are to be legally and/or beneficially owned by the Chargor in respect of the Future Shares
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. CHENG YANG (程楊), an individual holding Hong Kong identity card, who beneficially owns not less than 1,766,860,957 ordinary shares in the issued share capital of the Borrower as at the date of this announcement.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Rate”	the interest rate equivalent to sixteen (16%) percent per annum, or such rate as may be imposed by the Lender, pursuant to the terms and conditions stipulated in the Facility Agreement
“Lender”	Southwest Securities (HK) Finance Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a term loan in the principal amount of HK\$200 million granted by the Lender to the Borrower pursuant to the terms of the Facility Agreement
“percentage ratios”	as defined under the Listing Rules
“Share Charge”	the deed of Share charge entered into between the Borrower as Chargor and the Lender as chargee, pursuant to which the Borrower agreed to provide the Charged Shares to the Lender to secure the Borrower’s liability and obligations under the Facility Agreement

“Shares”	shares of HK\$1.00 each in the issued share capital of the Charged Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Utilisation Date”	the date on which the Loan is to be made
“%”	per cent

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

Hong Kong, 7 March 2017

As at the date of this announcement, the executive Directors are Mr. Wu Jian (Chairman), Mr. Pu Rui* (Chief Executive Officer), Mr. Zhang Chunyong*, Mr. Xu Mingdi* and Ms. Liang Yiqing*; and the independent non-executive Directors are Professor Wu Jun* , Mr. Meng Gaoyuan* and Mr. Guan Wenwei.*

* *For identification purpose only*