

東方滙財證券國際控股有限公司

ORIENT SECURITIES INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8001



ORIENT

Third Quarterly Report
2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Orient Securities International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months period ended 30 September 2014 together with the comparative unaudited figures for the corresponding period in 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months period ended 30 September 2014

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
TURNOVER	4	9,652	11,702	22,179	23,976
Other revenue and other net income	5	77	5	116	28
		9,729	11,707	22,295	24,004
Staff costs		(2,116)	(1,405)	(5,810)	(4,282)
Administrative expenses		(2,004)	(1,243)	(5,795)	(4,198)
Finance costs	6	(20)	—	(76)	(50)
PROFIT FROM OPERATION		5,589	9,059	10,614	15,474
Listing expenses		—	(150)	(3,901)	(1,235)
PROFIT BEFORE TAXATION		5,589	8,909	6,713	14,239
Income tax	7	(926)	(1,400)	(1,740)	(2,500)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		4,663	7,509	4,973	11,739
Other comprehensive income for the period		—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		4,663	7,509	4,973	11,739
EARNINGS PER SHARE					
Basic and diluted	9	1.55 cents	3.34 cents	1.68 cents	5.22 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2014

	Attributable to equity shareholders of the Company				
	Share capital HK\$'000	Share Premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014 (audited)	—	—	8	132,658	132,666
Issuance of new shares by way of placing	3,000	44,250	—	—	47,250
Share issue expenses	—	(6,098)	—	—	(6,098)
Capitalisation issue	—	(2,250)	—	—	(2,250)
Profit and total comprehensive income for the period	—	—	—	4,973	4,973
At 30 September 2014 (unaudited)	3,000	35,902	8	137,631	176,541

For the nine months period ended 30 September 2013

	Attributable to equity shareholders of the Company			
	Share capital HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2013 (audited)	—	8	119,868	119,876
Profit and total comprehensive income for the period	—	—	11,739	11,739
At 30 September 2013 (unaudited)	—	8	131,607	131,615

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

1. GENERAL

Orient Securities International Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability on 5 January 2009 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2014. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Rooms 2801-2804, 28th Floor, Dah Sing Financial Centre, No. 108 Gloucester Road, Wanchai, Hong Kong. The principal activities of its subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation/operation	Attributable equity interest held by the Company		Issued and fully paid-up capital	Principal activities	Legal form
		Directly	Indirectly			
Capital Business International Limited ("Capital Business")	British Virgin Islands/Hong Kong 26 March 1996	100%	—	1,000 ordinary shares of US\$1 each	Investment holding	Private limited liability company
Orient Securities Holdings Limited	Hong Kong/ Hong Kong 2 June 1999	—	100%	18,832 ordinary shares of HK\$1 each	Investment holding	Private limited liability company
Orient Securities Limited ("Orient Securities")	Hong Kong/ Hong Kong 11 June 1999	—	100%	20,000,000 ordinary shares of HK\$1 each	Provision of brokerage service, underwriting and placing service and securities and initial public offering financing service	Private limited liability company

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 January 2014. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

a) *Business combinations*

The unaudited condensed consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The unaudited condensed consolidated financial statements include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the unaudited condensed consolidated financial statements are presented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

b) *Basis of preparation of the unaudited condensed consolidated financial information*

The unaudited condensed consolidated financial statements for the three months and nine months period ended 30 September 2014 comprises the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars ("HKD"), rounded to the nearest thousand except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

3. SEGMENT REVENUE

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form any of the following reportable segments.

Brokerage	—	Provision of brokerage service
Underwriting and placing	—	Provision of underwriting and placing service
Financing	—	Provision of securities and initial public offering financing service

a) Segment revenue and results

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

Segment profit represents the profit earned by each segment without allocation of interest income on bank deposits and employee's loan, sundry income, listing expenses and income tax expenses.

The segment revenue and results for the nine months period ended 30 September 2014 are as follows:

	Brokerage HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue				
Revenue from external clients	9,842	5,495	6,842	22,179
Reportable segment profit	4,660	2,601	3,237	10,498

The segment revenue and results for the three months period ended 30 September 2014 are as follows:

	Brokerage HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue				
Revenue from external clients	3,266	1,670	4,716	9,652
Reportable segment profit	1,866	953	2,693	5,512

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

3. SEGMENT REVENUE *(Continued)***a) Segment revenue and results** *(Continued)*

The segment revenue and results for the nine months period ended 30 September 2013 are as follows:

	Brokerage HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue				
Revenue from external clients	6,276	5,109	12,591	23,976
Reportable segment profit	4,044	3,291	8,111	15,446

The segment revenue and results for the three months period ended 30 September 2013 are as follows:

	Brokerage HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue				
Revenue from external clients	1,946	1,619	8,137	11,702
Reportable segment profit	1,506	1,253	6,295	9,054

b) Information about geographical areas

All of the activities of the Group are carried out in Hong Kong and all of the Group's revenue for the three months and nine months period ended 30 September 2014 and 2013 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

4. TURNOVER

Turnover represents commission from brokerage service, commission from underwriting and placing service (net of sub-underwriting commission) and interest income from securities and initial public offering financing service. An analysis of the Group's turnover is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Commission from brokerage service	3,266	1,946	9,842	6,276
Commission from underwriting and placing service	4,716	8,137	6,842	12,591
Interest income from securities and initial public offering financing service	1,670	1,619	5,495	5,109
	9,652	11,702	22,179	23,976

5. OTHER REVENUE AND OTHER NET INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest income on				
— bank deposits	4	1	17	7
— employee's loan	3	4	9	11
Total interest income on financial assets not at fair value through profit or loss	7	5	26	18
Sundry income	70	—	90	10
	77	5	116	28

6. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Facility arrangement fee	20	—	76	50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2014

7. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	926	1,400	1,740	2,500
	926	1,400	1,740	2,500

The provision for Hong Kong Profits tax for 2014 is calculated at 16.5% (2013: 16.5%) of estimated assessable profits for the period.

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the nine months ended 30 September 2014 (2013: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Earnings:				
Earnings for the purposes of basic and diluted earnings per share:				
Profit for the period attributable to equity shareholders of the Company	4,663	7,509	4,973	11,739
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	300,000,000	225,000,000	296,153,846	225,000,000

The calculation of the weighted average number of shares outstanding during the nine months ended 30 September 2014 has been adjusted for the effect of the placing of 75,000,000 new shares on 15 January 2014.

No diluted earnings per share is presented for the nine months ended 30 September 2014 and 2013 as there were no potential ordinary shares outstanding during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of (i) brokerage service; (ii) underwriting and placing service; and (iii) financing service.

The Group was successfully listed on GEM on 15 January 2014. The proceeds received have strengthened the Group's cash flow and the Group was focusing on developing existing business services by utilizing own networks and new opportunities such as Shanghai-Hong Kong Stock Connect program, a securities trading and clearing links programme between the Mainland and Hong Kong.

Specifically to the third quarter, the Group has completed the placing of its new 60,000,000 shares to independent third parties on 14 October 2014 at the price of HK\$0.98 per share and raised HK\$58.8 million before deducting all direct costs including commission. Proceeds from placing can further strengthen the cash position of the Group including enhancing the capacity of providing financing services to clients or providing underwriting service with a larger commitment.

Commission income from brokerage services increased as compared to corresponding period in 2013. The increase is generally in line with the increase in turnover value for securities traded on the Stock Exchange. Interest income from financing service remains stable. Commission income from underwriting and placing remain volatile. The business activities of various industries may slow down and the demand on brokerage services and underwriting and placing services may be impacted. The management of the Group will get prepared for keen competition business environment in order to maximise the shareholders' return.

FINANCIAL REVIEW

Revenue

	For the three months ended 30 September		For the nine months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Commission income from the brokerage service	3,266	1,946	9,842	6,276
Commission income from the underwriting and placing service	4,716	8,137	6,842	12,591
Interest income from the financing service	1,670	1,619	5,495	5,109
Total	9,652	11,702	22,179	23,976

The Group's revenue is mainly generated from (i) commission income from the brokerage service; (ii) commission income from the underwriting and placing service; and (iii) interest income from the financing service.

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover for the first nine months in 2014 was approximately HK\$22.2 million (2013: HK\$24.0 million) which represents a HK\$1.8 million or 7.5% decrease. Such drop was mainly due to the decrease in commission income from underwriting and placing service by HK\$5.7 million even there was an increase in commission income from brokerage service by HK\$3.6 million.

As at 30 September 2014, the Group had 841 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2013: 767 active securities accounts).

For the first nine months ended 30 September 2014, the Group had undertaken 19 placing and underwriting transactions as compared to 16 transactions for the same period in 2013. Similar to the situation as described in the 2014 interim report, the scale of placing and underwriting transactions carried out during the corresponding period in 2013 were relatively large such that despite the number of transaction was higher in 2014, the commission income from underwriting and placing service during the first nine months ended 30 September 2014 was lower than the corresponding period in 2013. Notwithstanding the drop in commission income from underwriting and placing service, the Board is confident that revenue attributable to this segment will regain its ground and continue to grow, in particular, following the provision of placing services in October 2014 to a company listed on GEM.

Interest rates charged by the Group to customers remained at similar level, and the interest income remained stable. Funds available to the Group has been enlarged by proceeds of placing in January and October 2014 and the Group has greater capacity to provide financing service and underwriting service should opportunity be identified.

As stated in the section headed "Recent development" and "Risk factors" in the prospectus of the Company dated 31 December 2013 ("Prospectus"), the financial performance as well as revenue mix of the Group may continue to change depending on the stock market environment. Brokerage income will continue to be directly correlated with the overall stock market trading volume while underwriting and placing income to market fund raising activities the number of underwriting and placing exercises the Group can be involved in and/or the size of fund the customers intended to raise. Such external factors are beyond the Group's control and the Group's financial performance is susceptible to fluctuation as a result.

Profit for the period

The drop of profit from operation for the first nine months ended 30 September 2014 was approximately HK\$4.9 million or 31.4% as compared with the corresponding period in 2013 and was mainly attributable to the drop of turnover by HK\$1.8 million, in addition to the respective increase in staff cost and administrative expenses by approximately HK\$1.5 million and HK\$1.6 million as compared to the corresponding period in 2013. Increase in staff cost was mainly attributable to the brokerage sharing arrangement and was in line with the Group's increase in commission income from brokerage service, and increase in administrative expenses was mainly attributable to increase in compliance cost upon listing.

The Group also incurred approximately HK\$3.9 million listing expenses for the first nine months ended 30 September 2014, which represents a HK\$2.7 million or 2.16 times increase as compared with the corresponding period in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 30 September 2014, the Group financed its operations by cash flow from operating activities and proceeds from listing. As at 30 September 2014, the Group had net current assets of approximately HK\$175.7 million (2013: HK\$130.9 million), including cash of approximately HK\$209.8 million (2013: HK\$96.5 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.9 times as at 30 September 2014 (2013: 3.3 times). The decline in the current ratio was mainly attributable to the 64.4% increase in payables to cash clients and margin clients and clearing house as at 30 September 2014 as compared to 2013. Given the nature of the Group's operation, the amount of trade payables and trade receivables are volatile depending on the scale and number of transaction, and the amount to be paid to / received from customers and clearing house on the period end date.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$176.5 million as at 30 September 2014 (2013: HK\$131.6 million).

EMPLOYEE INFORMATION

Total remuneration for the nine months ended 30 September 2014 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$5.6 million (2013: HK\$4.1 million). Such increase was mainly due to the increase in directors' emoluments (effective from the date of listing on 15 January 2014) and staff salaries.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2014, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

Long position in ordinary shares of HK\$0.01 each of the Company

Name of Directors	Capacity/ Nature of interests	Number of share held	Approximate percentage of issued share capital (Note 2)
Mr. Lam Shu Chung (Note 1)	Interest of a controlled corporation	225,000,000	75%

Notes:

- 225,000,000 shares are registered in the name of Time Era Limited, which is owned as to 75% by Mr. Lam Shu Chung ("Mr. Lam"). Under the SFO, Mr. Lam is deemed to be interested in the shares held by Time Era Limited by virtue of Time Era Limited being controlled by Mr. Lam.
- The percentage is calculated on the basis of 300,000,000 shares of the Company in issue as at 30 September 2014.

Save as disclosed above, as at 30 September 2014, none of the Directors or the Chief Executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2014, so far as is known to the Directors and the Chief Executives and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity/ Nature of interests	Number of share held	Approximate percentage of issued share capital (Note 3)
Time Era Limited (Note 1)	Beneficial interest	225,000,000	75%
Ms. Choi Hing Lin Lori (Note 2)	Family interest	225,000,000	75%

Notes:

1. Time Era Limited is owned as to 75% by Mr. Lam and as to 25% by the other parties. Under the SFO, Mr. Lam is deemed to be interested in the shares held by Time Era Limited by virtue of Time Era Limited being controlled by Mr. Lam.
2. Ms. Choi Hing Lin Lori is the spouse of Mr. Lam. Under the SFO, Ms. Choi Hing Lin Lori is deemed, or taken to be interested in all the shares in which Mr. Lam is interested.
3. The percentage is calculated on the basis of 300,000,000 shares of the Company in issue as at 30 September 2014.

Save as disclosed above, as at 30 September 2014, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the "Eligible Participant") as incentives or rewards for their contributions to the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 19 December 2013 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Scheme.

As at the date of this report, the total number of shares available for issue under the Scheme is 30,000,000 shares, representing 8.3% of the issued share capital of the Company.

OTHER INFORMATION

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the "Option"), the Eligible Participant shall pay HK\$ 1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted. The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a day on which trading of shares take place on the Stock Exchange (the "Trading Day"); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a share.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue from the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

As at the date of this report and since the adoption of the Scheme, no share option has been granted by the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 30 September 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the nine months ended 30 September 2014 had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) and its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

As at 30 September 2014, none of the Directors, the substantial Shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at 30 September 2014, neither Altus Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to rule 6A.32 of GEM Listing Rules.

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. The Company had made specific enquiries of all the Directors and the Directors have confirmed they had complied with the Required Standard of Dealings throughout the nine months ended 30 September 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code").

Throughout the nine months ended 30 September 2014, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provisions A.2.1 as explained below:

Pursuant to A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

Mr. Lam Shu Chung is the Chairman of the Board and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the CEO and therefore the daily operation and management of the Company is monitored by the executive Directors as well as the senior management.

The Board is of the view that although there is no CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lee Siu Leung. The other members are Mr. Choy Sze Chung Jojo and Mr. See Lee Seng Reason. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

OTHER INFORMATION

The Audit Committee had reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2014 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
Orient Securities International Holdings Limited
Lam Shu Chung
Chairman and Executive Director

Hong Kong, 12 November 2014

As at the date of this report, the executive Directors are Mr. Lam Shu Chung, Ms. Fung Yuk Chun Emily, Mr. Chu Sung Hei; the non-executive Director is Mr. Lum Pak Sum, and the independent non-executive Directors are Mr. Choy Sze Chung Jojo, Mr. Lee Siu Leung and Mr. See Lee Seng Reason.