



2015

Third Quarterly Report

ORIENT

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

## **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.**

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*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 2015 together with the comparative unaudited figures for the corresponding period in 2014.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months period ended 30 September 2015

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
TURNOVER	4	6,383	9,652	44,173	22,179
Other revenue and other net income	5	7	77	289	116
		6,390	9,729	44,462	22,295
Staff costs		(3,382)	(2,116)	(7,464)	(5,810)
Administrative expenses		(2,136)	(2,004)	(6,508)	(5,795)
Finance costs	6	(23)	(20)	(23)	(76)
PROFIT FROM OPERATION		849	5,589	30,467	10,614
Listing expenses		—	—	—	(3,901)
PROFIT BEFORE TAXATION		849	5,589	30,467	6,713
Income tax	7	(673)	(926)	(5,572)	(1,740)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		176	4,663	24,895	4,973
Other comprehensive income for the period		—	—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		176	4,663	24,895	4,973
EARNINGS PER SHARE					
Basic and diluted	9	0.05 cents	1.55 cents	6.92 cents	1.68 cents

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2015

	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 2015 (audited)	3,600	93,514	8	150,588	247,710
Profit and total comprehensive income for the period	—	—	—	24,895	24,895
At 30 September 2015 (unaudited)	3,600	93,514	8	175,483	272,605

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2015

## 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	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
Orient Securities Finance Limited	Hong Kong/ Hong Kong 4 November 2014	—	100%	10,000 ordinary shares of HK\$1 each	Money lending and provision of loan finance	Private limited liability company

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2015

### 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 2014 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 2015. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the three months and nine months period ended 30 September 2015 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 2015

### 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, initial public offering and term loan 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 2015 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	17,945	7,403	18,825	44,173
Reportable segment profit	12,260	5,057	12,861	30,178

The segment revenue and results for the three months period ended 30 September 2015 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	4,213	2,169	1	6,383
Reportable segment profit/(loss)	1,600	994	(1,752)	842

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2015

### 3. SEGMENT REVENUE (Continued)

#### a) Segment revenue and results (Continued)

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

#### 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 2015 and 2014 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 2015

## 4. TURNOVER

Turnover represents commission from brokerage service, commission from underwriting and placing service (net of sub-underwriting commission) and interest income from securities, initial public offering and term loan 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	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Commission from brokerage service	4,213	3,266	17,945	9,842
Commission from underwriting and placing service	1	4,716	18,825	6,842
Interest income from securities, initial public offering and term loan financing service	2,169	1,670	7,403	5,495
	6,383	9,652	44,173	22,179

## 5. OTHER REVENUE AND OTHER NET INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest income on				
— bank deposits	7	4	34	17
— employee's loan	—	3	5	9
Total interest income on financial assets not at fair value through profit or loss	7	7	39	26
Sundry income	—	70	250	90
	7	77	289	116

## 6. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Facility arrangement fee	23	20	23	76

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2015

### 7. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	673	926	5,572	1,740
	673	926	5,572	1,740

The provision for Hong Kong Profits tax for 2015 is calculated at 16.5% (2014: 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 2015 (2014: 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	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>Earnings:</b>				
Earnings for the purposes of basic and diluted earnings per share:				
Profit for the period attributable to equity shareholders of the Company	176	4,663	24,895	4,973
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	360,000,000	300,000,000	360,000,000	296,153,846

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 2015 and 2014 as there were no potential ordinary shares outstanding during the period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in the provision of (i) brokerage service; (ii) underwriting and placing service; and (iii) financing service. During the first nine months of 2015, the Group focused on developing the business of these services by exploring opportunities available under the existing risk management framework. In particular, the subsidiary, Orient Securities Finance Limited (the "OSFL"), started its business in the third quarter of 2015 such that there was an increase in revenue from interest income.

It has been over a year since the Company first listed on GEM. The Group continued to develop business from its core services, and got prepared to start the money lending business at appropriate time as mentioned in the annual report for the year ended 31 December 2014. During the first nine months of 2015, the Hong Kong stock market rose, boosted by the bullish performance of the Mainland market, even though it has slowed down in the third quarter of 2015. This was reflected in the substantial increase in the Group's turnover and commission income from its brokerage services. The Group and the Directors considered that no modification of the business objectives or the business plans as stated in the Company's prospectus dated 31 December 2013 ("Prospectus") was required.

## FINANCIAL REVIEW

### Turnover

The Group's turnover 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.

	For the three months ended 30 September		For the nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Commission from brokerage service	4,213	3,266	17,945	9,842
Commission from underwriting and placing service	1	4,716	18,825	6,842
Interest income from securities, initial public offering and term loan financing service	2,169	1,670	7,403	5,495
	<b>6,383</b>	9,652	<b>44,173</b>	22,179

Total turnover of the Group for the first nine months of 2015 was approximately HK\$44.2 million (2014: HK\$22.2 million) which represents an increase of HK\$22.0 million or 99.2% growth compared with 2014. Such growth was mainly attributable to an increase of approximately HK\$12.0 million in commission income from the underwriting and placing service as a result of an increase in scale and number of underwriting and placing commitments undertaken in 2015, in addition to an increase in commission income from brokerage service by HK\$8.1 million. Such increase is in line with the turnover value for securities traded on the Main Board and GEM of Hong Kong Stock Exchange in the second quarter of 2015. Interest rates charged by the Group to customers remained at similar level, and the interest income from financing service increased due to the commencement of loan business operating through OSFL.

## MANAGEMENT DISCUSSION AND ANALYSIS

As stated in the section headed “Recent development” and “Risk factors” in the Prospectus and annual report for the year ended 31 December 2014, 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 correlate to the overall stock market trading volume while underwriting and placing income correlates 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.

As at 30 September 2015, the Group had 879 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (30 September 2014: 841 active securities accounts).

### *Profit for the period*

During the nine months ended 30 September 2015, the Group recorded a net profit attributable to equity shareholders of approximately HK\$24.9 million (2014: HK\$5.0 million) and represents a growth of approximately HK\$19.9 million or 4 times. Such growth was due to the increase in total turnover of approximately HK\$22.0 million and the absence of listing expenses of approximately HK\$3.9 million recognised in the corresponding period in 2014, which significantly outweigh the increase in administrative expenses, staff costs and finance costs of an aggregate of approximately HK\$2.3 million compared with the corresponding period in 2014.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the nine months ended 30 September 2015, the Group financed its operations by cash flow from operating activities. As at 30 September 2015, the Group had net current assets of approximately HK\$271.4 million (30 September 2014: HK\$175.7 million), including cash of approximately HK\$271.2 million (30 September 2014: HK\$209.8 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3 times as at 30 September 2015 (30 September 2014: 2.9 times). The ratio remains relatively the same.

The Group incurred no loan as at 30 September 2015.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$272.6 million as at 30 September 2015 (2014: HK\$176.5 million).

### EMPLOYEE INFORMATION

Total remuneration for the nine months ended 30 September 2015 (including directors’ emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$7.2 million (2014: HK\$5.6 million). Such increase was mainly due to the increase in staff salaries and bonus.

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 30 September 2015 (2014: Nil).

### FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Hong Kong dollars, and as such the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. Hence, no financial instrument for hedging was employed.

### CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the nine months ended 30 September 2015 and up to the date of results announcement and interim report issuance of the Group.

### EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and interim report issuance, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the nine months ended 30 September 2015.

### USE OF PROCEEDS

In respect of the placing of new shares of the Company completed on 14 October 2014, up to the latest practicable date for the purpose of this report, approximately HK\$5.2 million from the net proceeds of HK\$58.2 million was used as general working capital and as intended. Furthermore, HK\$50.0 million was transferred to OSFL as its general working capital for money lending business, of which approximately HK\$49.4 million was lent out up to the latest practicable date and the remaining HK\$0.6 million is kept in OSFL's bank account as its general working capital. The remaining HK\$3.0 million is kept in the Company's bank account and the Directors intend to utilise such remaining balance as general working capital as stated in the announcement of the Company dated 29 September 2014 in relation to this placing.

## 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 2015, none of the Directors and chief executives of the Company (the "Chief Executives") had interests or short positions 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 (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 as referred to in rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings").

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

As at 30 September 2015, 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	75,000,000	20.83%
Mr. Guo Jinkun (Note 1)	Interest of controlled corporation	75,000,000	20.83%
Ms. Shen Rongfang (Note 2)	Family interest	75,000,000	20.83%

Notes:

- 75,000,000 Shares are owned by Time Era Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Guo Jinkun ("Mr. Guo"). Therefore, Mr. Guo is deemed to be interested in the shares held by Time Era Limited by virtue of Time Era Limited being controlled by Mr. Guo.
- Ms. Shen Rongfang is the spouse of Mr. Guo. Under the SFO, Ms. Shen Rongfang is deemed, or taken to be interested in all the shares in which Mr. Guo is interested.
- The percentage is calculated on the basis of 360,000,000 shares of the Company in issue as at 30 September 2015.

Save as disclosed above, as at 30 September 2015, 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 INFORMATION

### 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 8.33% of the issued share capital of the Company.

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 21 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. For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed on the Stock Exchange for less than 5 Trading Days, the placing price shall be used as the closing price for any Trading Day falling within the period before the Listing Date. 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.

The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of the Company in any 12-month period up to and including the offer date shall not exceed 1% of the total number of shares in issue for the time being. Any further grant of options in excess of this limit is subject to shareholder's approval in general meeting.

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

## OTHER INFORMATION

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "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" and "SHARE OPTION SCHEME" in this report, at no time during the nine months ended 30 September 2015 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 2015 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 2015, 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 2015, 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.

### 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 2015.

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 2015, 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 2015, 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:



## OTHER INFORMATION

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, 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.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2015 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 2015

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