



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



2016

Interim Report

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 six months period ended 30 June 2016 together with the comparative unaudited figures for the corresponding period in 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months period ended 30 June 2016

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	5,892	20,469	10,597	37,790
Other income	5	9	25	9	282
		5,901	20,494	10,606	38,072
Staff costs		(2,599)	(1,961)	(5,135)	(4,082)
Administrative expenses		(2,719)	(2,455)	(4,619)	(4,372)
Profit before taxation	6	583	16,078	852	29,618
Income tax	7	(528)	(2,499)	(838)	(4,899)
Profit for the period attributable to owners of the company		55	13,579	14	24,719
Other comprehensive income for the period		—	—	—	—
Total comprehensive income for the period attributable to owners of the company		55	13,579	14	24,719
Earnings per share					
Basic and diluted	9	0.01 cents	3.77 cents	0.01 cents	6.87 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	625	242
Other assets	11	700	957
Loan receivables	12	36,056	39,980
		37,381	41,179
CURRENT ASSETS			
Trade receivables	13	71,537	52,234
Loan receivables	12	115,283	7,282
Prepayments, deposits and other receivables		3,128	1,307
Trust bank balances held on behalf of clients		38,905	100,171
Cash and cash equivalents		69,130	180,299
		297,983	341,293
CURRENT LIABILITIES			
Trade payables	14	59,401	105,177
Accruals and other payables		329	1,226
Tax payables		1,805	2,254
		61,535	108,657
NET CURRENT ASSETS		236,448	232,636
NET ASSETS		273,829	273,815
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	3,600	3,600
Reserves		270,229	270,215
TOTAL EQUITY		273,829	273,815

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2016

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2016 (audited)	3,600	93,514	8	176,693	273,815
Profit and total comprehensive income for the period	—	—	—	14	14
At 30 June 2016 (unaudited)	3,600	93,514	8	176,707	273,829

For the six months period ended 30 June 2015

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2015 (audited)	3,600	93,514	8	150,588	247,710
Profit and total comprehensive income for the period	—	—	—	24,719	24,719
At 30 June 2015 (unaudited)	3,600	93,514	8	175,307	272,429

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(110,666)	21,112
Net cash used in investing activities	(503)	(229)
Net (decrease)/increase in cash and cash equivalents	(111,169)	20,883
Cash and cash equivalents as at the beginning of the period	180,299	121,299
Cash and cash equivalents as at the end of the period	69,130	142,182

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

1. GENERAL INFORMATION

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 were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2014. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Room 2801-2804, 28th Floor, Dah Sing Financial Centre, No.108 Gloucester Road, Wanchai, Hong Kong.

The Company and its subsidiaries (together the "Group") are principally engaged in the provision of:

- brokerage services
- underwriting and placing services
- securities, initial public offering financing services
- money lending services
- investment holding

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 2015 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 2016. 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 six months period ended 30 June 2016 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 ("HK\$"), rounded to the nearest thousand except for otherwise indicated. The Company's functional and the Group's presentation currency are both HK\$.

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 six months period ended 30 June 2016

3. SEGMENT REPORTING

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 services
Underwriting and placing	—	Provision of underwriting and placing services
Margin financing	—	Provision of securities and initial public offering financing services
Money lending	—	Provision of money lending services

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the revenue, results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include all current liabilities with the exception of current tax payable.

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.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of interest income on employee's loan, sundry income, listing expenses and income tax expense.

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, and income tax expenses.

The segment revenue and results for the six months period ended 30 June 2016 are as follows:

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue					
Revenue from external clients	2,919	21	1,748	5,909	10,597
Reportable segment profit	236	1	141	477	855

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

3. SEGMENT REPORTING *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 30 June 2016 are as follows:

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue					
Revenue from external clients	1,425	—	791	3,676	5,892
Reportable segment profit	151	—	86	349	586

The segment revenue and results for the six months period ended 30 June 2015 are as follows:

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 unaudited)
Reportable segment revenue					
Revenue from external clients	13,732	18,824	5,234	—	37,790
Reportable segment profit	10,660	14,613	4,063	—	29,336

The segment revenue and results for the three months period ended 30 June 2015 are as follows:

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 unaudited)
Reportable segment revenue					
Revenue from external clients	10,009	7,959	2,501	—	20,469
Reportable segment profit	7,805	6,281	1,967	—	16,053

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 six months period ended 30 June 2016 and 2015 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 six months period ended 30 June 2016

4. REVENUE

The Group's revenue represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission from brokerage services	1,425	10,009	2,919	13,732
Commission from underwriting and placing services	—	7,959	21	18,824
Interest income from margin financing services	791	2,501	1,748	5,234
Interest income from money lending services	3,676	—	5,909	—
	5,892	20,469	10,597	37,790

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest income on				
— bank deposits	9	23	9	27
— employee's loan	—	2	—	5
Total interest income on financial assets not at fair value through profit or loss	9	25	9	32
Sundry income	—	—	—	250
	9	25	9	282

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Staff costs and Directors' emoluments	2,599	1,961	5,135	4,082
Depreciation for property, plant and equipment	74	47	120	76
Operating lease charges in respect of office premises	923	749	1,672	1,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

7. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax				
Provision for the period	528	2,499	838	4,899
	528	2,499	838	4,899

The provision for Hong Kong Profits tax for 2016 is calculated at 16.5% (2015: 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 six months period ended 30 June 2016 (2015: 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 June		For the six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Earnings:				
Earnings for the purposes of basic and diluted earnings per share:				
Profit for the period attributable to owners of the Company	55	13,579	14	24,719
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	360,000,000	360,000,000	360,000,000	360,000,000

Diluted earnings per share equals to basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

10. PROPERTY PLANT AND EQUIPMENT

During the six months period ended 30 June 2016, the Group has additions of plant and equipment of approximately HK\$503,000 (six months period ended 30 June 2015: HK\$229,000).

11. OTHER ASSETS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Statutory and other deposits	700	957

Statutory and other deposits represent deposits with various exchanges and clearing houses. They are non-interest-bearing.

12. LOAN RECEIVABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
<i>Money lending services</i>		
Gross loan receivables	151,339	47,262
Less: Portion due within one year included under current assets	(115,283)	(7,282)
Non-current portion included under non-current assets	36,056	39,980

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

13. TRADE RECEIVABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade receivables arising from the business of dealing in securities and equity option:		
— Cash clients	68	225
— Clearing house	22,715	4,629
— Margin finance loans	48,754	47,380
	71,537	52,234

The settlement terms of trade receivables from cash clients and clearing house are two days after trade date.

Margin finance loans are secured by clients' pledged securities, repayable on demand and bear interest at variable commercial rates.

a) Ageing analysis

The trade receivables arising from cash clients and clearing house (net of allowance for doubtful debts) with the following ageing analysis, presented based on the trade date which approximates revenue recognition date, as at the end of the reporting period:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Current	22,783	4,854
Less than 1 month past due	—	—
1 to 3 months past due	—	—
More than 3 months but less than 12 months past due	—	—
Amounts past due	—	—
	22,783	4,854

Receivables that were neither past due nor impaired relate to a wide range of clients for whom there was no recent history of default.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

13. TRADE RECEIVABLES *(Continued)*

b) *Impairment of trade receivables*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movement in the allowance for doubtful debts:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
At 1 January 2016/ 1 January 2015	—	—
Uncollectible amounts written off	—	—
At 30 June 2016/ 31 December 2015	—	—

14. TRADE PAYABLES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade payables arising from the business of dealing in securities and equity option:		
— Cash clients	45,137	76,872
— Margin clients	14,214	28,255
— Clients' deposits	50	50
	59,401	105,177

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date.

Trade payables to margin and cash clients bear variable interest at commercial rates, and repayable on demand subsequent to two days after trade date.

No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of dealing in securities.

The trade payables included HK\$38,905,000 as at 30 June 2016 (2015: HK\$100,171,000) payable to clients and clearing house in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The fair values of the trade payables as at the end of the reporting period approximate the corresponding carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

15. SHARE CAPITAL

	Number of Shares	HK\$
Authorised:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016 ordinary shares of HK\$0.01 each	20,000,000,000	200,000,000
Issued and fully paid:		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016 ordinary shares of HK\$0.01 each	360,000,000	3,600,000

16. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the Group has entered into the following related party transactions during the period:

	Relationship	Nature of transactions	Note	30 June 2016 received HK\$'000 (unaudited)	30 June 2015 received HK\$'000 (unaudited)
Lam Shu Chung	Director of the Company	Brokerage commission income received	(ii)	(12)	(31)
Fung Yuk Chun, Emily	Director of the Company	Brokerage commission income received	(ii)	(1)	(14)

Note:

- i) The interest income was calculated at variable rate which ranged from 8.25% to 11.25%.
- ii) The commission income was calculated at staff rates which ranged from 0.015% to 0.1% (subject to minimum charge up to HK\$100).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2016

17. CREDIT FACILITIES

a) At 30 June 2016 and 31 December 2015, Orient Securities had the following banking facilities with Chong Hing Bank Limited:

- bank overdraft facility to the extent of HK\$20,000,000 (31 December 2015: HK\$20,000,000). Interest is charged at prime lending rate as quoted by Chong Hing Bank Limited per annum. The bank overdraft facility is subject to repayable on demand clause.

At 30 June 2016 and 31 December 2015, the banking facilities were secured by the following:

- pledge over listed securities owned by the margin clients of the Group for the corresponding amount drawn under the facility; and
- corporate guarantee to the extent of HK\$20,000,000 executed by the Company (31 December 2015: HK\$20,000,000).

b) As at 30 June 2016 and 31 December 2015, the Group had standby loan facilities with Sun Hung Kai Structured Finance Limited, to the extent of HK\$30,000,000 (31 December 2015: HK\$30,000,000). Interest is charged at prime rate offered by Standard Chartered Bank plus 5% per annum and the standby loan facilities were unsecured.

c) As at 30 June 2016 and 31 December 2015, the Group had not utilised any of the above credit facilities, and no listed securities owned by the margin clients of the Group were pledged.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of (i) brokerage services; (ii) underwriting and placing services; (iii) margin financing services; and (iv) money lending services. During the first half of 2016, as disclosed in the first quarterly report of 2016, the Group faced a significant drop in commission income from the brokerage services and the underwriting and placing services as compared to the corresponding period in 2015.

The Group and the management have been putting extra effort in developing the business. Nevertheless, the Group's performance relied on external factors, including Hongkong and global economic environment, interest rate movement and the turnover of the Hongkong securities market. The Group has diverted resources to the money lending business with a view to maximize the returns to shareholders. As stated in previously issued reports, 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 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. In addition, the Group's interest income from margin financing services and money lending services will be subject to customers' investment and financing needs. Such external factors are beyond the Group's control and the Group's financial performance is susceptible to fluctuation as a result.

Based on the information available and prediction of future development, the Group and the management believe that the Group's revenue will record downward trend, in particular relating to the commission income from brokerage services, commission income from underwriting and placing services and interest income from margin financing services, as compared to the corresponding period in 2015. While it is expected the Group's revenue in the coming months in 2016 will not be comparable with the corresponding period in 2015, it is not expected that the Group's revenue will have a further significant decrease in the second half of the year as compared to the first half of the year.

Furthermore, the Group's revenue mix has change whereby the proportion of interest income from the money lending services over the Group's overall revenue will increase as compared to the corresponding period in 2015, since the Group has utilised the cash on hand to conduct more money lending transactions under current credit management policies. Up to the latest practicable date, the proceeds of HK\$50 million from the placing transaction conducted in October 2014 were fully utilized and lent out to customers as mentioned in the paragraph "Use of Proceeds" below. Going forward to the second half of 2016, the revenue mix is expected to be similar to the first half of 2016.

Regarding the money lending business, as at 30 June 2016, the Group has 14 customers for this service. The loans' principle range from HK\$0.3 million to HK\$14 million with interest rates range from approximately 8% to 30% per annum, and the gross loan receivables amounted to approximately HK\$151.3 million as at 30 June 2016. The repayment periods ranged from 1 year to 5 years. All loans are secured by assets owned by the borrowers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

The total revenue for the first half of 2016 was approximately HK\$10.6 million (2015: HK\$37.8 million) which represents a HK\$27.2 million or 72.0% drop compared to the corresponding period in 2015. Such decrease was mainly attributable to (i) a decrease of approximately HK\$18.8 million in commission income from the underwriting and placing services; (ii) a decrease of approximately HK\$10.8 million in commission income from the brokerage services; (iii) a decrease of approximately HK\$3.5 million in interest income from the margin financing services, and (iv) a new line of business generating interest income from money lending services of approximately HK\$5.9 million.

The decrease in commission income from the brokerage services and the underwriting and placing services was in line with the decrease in the trading volume under the Main Board and GEM of the Stock Exchange and the relevant demand on the underwriting and placing services in the first half of 2016 as compared to the corresponding period in 2015.

	2016 HK\$'000	2015 HK\$'000
Commission income from the brokerage services	2,919	13,732
Commission income from the underwriting and placing services	21	18,824
Interest income from the margin financing services	1,748	5,234
Interest income from the money lending services	5,909	-
Total	10,597	37,790

As at 30 June 2016, the Group had 861 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2015: 878 active securities accounts).

Other income

The total other income for the first half of 2016 was approximately HK\$nil million (2015: HK\$0.3 million).

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits and employee loan	9	32
Sundry income	—	250
	—	282

MANAGEMENT DISCUSSION AND ANALYSIS

Staff Costs

The total staff costs for the first half of 2016 was approximately HK\$5.1 million (2015: HK\$4.1 million) and represented an increase of approximately HK\$1.1 million or 25.8% compared with 2015. The increase was mainly attributable to the increase in staff salaries and director remunerations which was due to recruitment of additional staff and appointment of new director to support the operations and money lending business as well as securities business.

Administrative expenses

The total administrative expenses for the first half of 2016 was approximately HK\$4.6 million (2015: HK\$4.4 million) and it remained relatively stable.

Income tax expenses

The income tax expense for the first half of 2016 was approximately HK\$0.8 million (2015: HK\$4.9 million) and such drop was consistent with the decrease in profits assessable under Hong Kong Profits tax.

Profit for the period

The Group recorded a net profit attributable to owner of the Company of approximately HK\$14,000 for the first half of 2016 (2015: profit of HK\$24.7 million). Such change was mainly due to the decrease in total revenue of HK\$27.2 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first half of 2016, the Group financed its operations by cash flow from operating activities. As at 30 June 2016, the Group had net current assets of approximately HK\$236.4 million (31 December 2015: HK\$232.6 million), including cash of approximately HK\$69.1 million (31 December 2015: HK\$180.3 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 4.8 times as at 30 June 2016 (31 December 2015: 3.1 times). The increase in the current ratio was mainly attributable to the lower balances of trade payables to clients as at 30 June 2016 compared to 31 December 2015.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$273.8 million as at 30 June 2016 (31 December 2015: HK\$273.8 million).

EMPLOYEE INFORMATION

Total remuneration for the first six months in 2016 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$4.9 million (2015: HK\$3.9 million). Such increase was mainly due to the increase in staff salaries, bonus and allowances as mentioned under the Staff Costs section above. The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 30 June 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The revenue 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 first six months in 2016 and up to the date of results announcement and interim report issuance of the Company.

EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and interim report issuance of the Company, 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 period ended 30 June 2016.

USE OF PROCEEDS

The net proceeds of approximately HK\$58.2 million from the placing transaction conducted in October 2014 was fully utilised as intended. Up to the latest practicable date for the purpose of this report, HK\$8.2 million has been used as general working capital of the Group, comprising (i) approximately HK\$5.9 million as Directors' remuneration and staff salaries payment, and (ii) approximately HK\$2.3 million as compliance and professional fee including auditors' remuneration. In addition, HK\$50.0 million was lent to a wholly-owned subsidiary for conducting money lending business and such amount was fully lent out to customers up to the latest practicable date.

OTHER INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The updated information on Directors discloseable under rule 17.50A(1) of the GEM Listing Rules are as follows:

- Mr. Chu Sung Hei (“Mr. Chu”) resigned as an executive director of the Company with effect from 11 April 2016. Following Mr. Chu’s resignation, he ceased to be the compliance officer of the Company and Ms. Lee Nga Ching, an executive director of the Company was appointed as the compliance officer of the Company for the purpose of Rule 5.19 of the GEM Listing Rules with effect from 11 April 2016. Mr. Chu ceased to be responsible officer of Orient Securities Limited with effect from 5 May 2016;
- Ms. Tse Ka Pui Jessica (“Ms. Tse”) has been appointed as a non-executive director of the Company with effect from 28 April 2016 and re-elected at the annual general meeting of the Company held on 18 May 2016 (“AGM”);
- Mr. Tang Chung Wai has been appointed as an independent non-executive director of the Company, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company; with effect from 28 April 2016 and re-elected at the AGM;
- Ms. Chan Man Yi has been appointed as an independent non-executive director of the Company, a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 28 April 2016 and re-elected at the AGM;
- Each of Mr. Choy Sze Chung Jojo (“Mr. Choy”) and Mr. See Lee Seng Reason (“Mr. See”) has retired as independent non-executive directors from the Board and ceased to act as the members of Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from the conclusion of the AGM as the resolutions regarding the re-election of Mr. Choy and Mr. See as independent non-executive directors of the Company were not passed by the shareholders of the Company by way of poll at the AGM.

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 June 2016, none of the Directors and chief executives of the Company (the “Chief Executives”) had any interest or short position 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”).

OTHER INFORMATION

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

As at 30 June 2016, 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	Beneficial interest	37,884,000	10.52%
Mr. Guo Jinkun (Note 1)	Interest of controlled corporation	37,884,000	10.52%
Ms. Shen Rongfang (Note 2)	Family interest	37,884,000	10.52%

Notes:

1. 37,884,000 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.
2. Ms. Sheng Rongfang is the spouse of Mr. Guo. Under the SFO, Ms. Sheng Rongfang is deemed, or taken to be interested in all the shares in which Mr. Guo is interested.
3. The percentage is calculated on the basis of 360,000,000 shares of the Company in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, 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.

OTHER INFORMATION

As at the date of this report, the total number of shares available for issue under the Scheme is 30,000,000 shares, representing approximately 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.

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 six months ended 30 June 2016 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 six months ended 30 June 2016 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).

OTHER INFORMATION

COMPETING INTERESTS

As at 30 June 2016, 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 June 2016, 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 six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2016, 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 six months ended 30 June 2016, 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.

OTHER INFORMATION

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. Tang Chung Wai and Ms. Chan Man Yi. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control and risk management 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 six months ended 30 June 2016 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
Lee Nga Ching
Executive Director

Hong Kong, 12 August 2016

As at the date of this report, the executive Directors are Mr. Lam Shu Chung, Ms. Fung Yuk Chun Emily and Ms. Lee Nga Ching; the non-executive directors is Ms. Tse Ka Pui Jessica and the independent non-executive Directors are Mr. Lee Siu Leung, Mr. Tang Chung Wai and Ms. Chan Man Yi.