

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

2017

First Quarterly 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.

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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 period ended 31 March 2017 together with the comparative unaudited figures for the corresponding period in 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months period ended 31 March 2017

	Note	Three months ended 31 March	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	6,304	4,705
Other income	5	81	—
Staff costs		(3,037)	(2,536)
Administrative expenses		(2,863)	(1,900)
Profit before taxation		485	269
Income tax	6	(500)	(310)
(Loss) for the period attributable to owners of the Company		(15)	(41)
Other comprehensive income for the period		—	—
Total comprehensive income for the period attributable to owners of the Company		(15)	(41)
(Loss) per share			
Basic and diluted	8	(0.01) cents	(0.01) cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2017

	Attributable to owners of the Company				
	Share capital HK\$'000 (Unaudited)	Share Premium HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2017	3,780	107,651	8	173,224	284,663
(Loss) and total comprehensive income for the period	—	—	—	(15)	(15)
Issuance of new ordinary shares by way of placing	180	10,471	—	—	10,651
At 31 March 2017	3,960	118,122	8	173,209	295,299

For the three months period ended 31 March 2016

	Attributable to owners of the Company				
	Share capital HK\$'000 (Unaudited)	Share Premium HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2016	3,600	93,514	8	176,693	273,815
(Loss) and total comprehensive income for the period	—	—	—	(41)	(41)
At 31 March 2016	3,600	93,514	8	176,652	273,774

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2017

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 3101 & 3117-3118, 31st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, 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 ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These 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 2016 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 2017. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

A summary of the significant accounting policies adopted by the Group is set out below.

a) *Basis of preparation of the unaudited condensed consolidated financial statements*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2017

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 four 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

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, sundry income and income tax expenses.

The segment revenue and results for the three months period ended 31 March 2017 are as follows:

	Brokerage HK\$'000 (unaudited)	Margin financing HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue					
Revenue from external clients	960	1,207	—	4,137	6,304
Reportable segment profit	62	77	—	265	404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2017

3. SEGMENT REVENUE *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 31 March 2016 are as follows:

	Brokerage	Margin financing	Underwriting and placing	Money lending	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue					
Revenue from external clients	1,494	957	21	2,233	4,705
Reportable segment profit	85	55	1	128	269

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 period ended 31 March 2017 and 2016 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

4. REVENUE

Revenue represents commission income from brokerage services, commission income from underwriting and placing services (net of sub-underwriting commission), interest income from margin financing services, and interest income from money lending services. An analysis of the Group's revenue is as follows:

	For the three months ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Commission income from brokerage services	960	1,494
Commission income from underwriting and placing services	—	21
Interest income from margin financing services	1,207	957
Interest income from money lending services	4,137	2,233
	6,304	4,705

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2017

5. OTHER INCOME

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest income on — bank deposits	—	—
Total interest income on financial assets not at fair value through profit or loss	—	—
Sundry income	81	—
	81	—

6. INCOME TAX

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	500	310
	500	310

The provision for Hong Kong Profits tax for 2017 is calculated at 16.5% (2016: 16.5%) of estimated assessable profits for the period.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the three months period ended 31 March 2017 (2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2017

8. (LOSS) PER SHARE

The calculation of the basic and diluted (loss) per share attributable to owners of the Company is based on the following data:

	For the three months ended 31 March	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
(Loss):		
(Loss) for the purposes of basic and diluted earnings per share:		
(Loss) for the period attributable to owners of the Company	(15)	(41)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	389,600,000	360,000,000

The calculation of the weighted average number of shares outstanding during the three months ended 31 March 2017 has been adjusted for the effect of the placing of 18,000,000 new shares on 2 February 2017.

No diluted (loss) per share is presented for the three months period ended 31 March 2017 and 2016 as there were no potential ordinary shares outstanding during the period.

9. CREDIT FACILITIES

a) At 31 March 2017 and 2016, the Group had the following banking facilities with Chong Hing Bank Limited:

- bank overdraft facility to the extent of HK\$20,000,000 (2016: 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 31 March 2017 and 2016, the banking facilities were secured by corporate guarantee to the extent of HK\$20,000,000 executed by the Company (2016: HK\$20,000,000).

b) As at 31 March 2017 and 2016, the Group had not utilised any of the above credit facilities.

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 quarter in 2017, the Group recorded an almost-doubled interest income from money lending services, which was in line with the Group and the management's business plan as mentioned in previously issued quarterly reports and annual report in 2016. And the commission income from brokerage services and underwriting and placing services remained relatively quiet compared with years before 2016.

The Group expects that the revenue mix in 2017 will be similar to 2016, the portion of interest income from money lending services will be increasing whereas commission income from brokerage services and underwriting and placing services will be decreasing as the performance from this business segment is still relatively rely on the factors which are uncertain, including Hongkong and global economic environment, interest rate movement and the turnover of the Hongkong securities market. 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. Such external factors are beyond the Group's control and the Group's financial performance is susceptible to fluctuation as a result.

Going forward, the Group planned to hold events to promote our services to customers with different background in order to maximize the return to our shareholders.

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 margin financing services; and (iv) interest income from the money lending services.

The total revenue for the first three months in 2017 was approximately HK\$6.3 million (2016: HK\$4.7 million) which represents a HK\$1.6 million or 34.0% increase compared with the corresponding period in 2016. Such increase was mainly attributable to an increase of approximately HK\$1.9 million in interest income from the money lending services which compensate the decrease of commission income from brokerage services of approximately HK\$0.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The decrease in commission income from the brokerage services was due to drop of demand of securities trading by our customers.

	2017 HK\$'000	2016 HK\$'000
Commission income from the brokerage services	960	1,494
Commission income from the underwriting and placing services	—	21
Interest income from the margin financing services	1,207	957
Interest income from the money lending services	4,137	2,233
Total	6,304	4,705

As at 31 March 2017, the Group had 800 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2016: 866 active securities accounts).

Staff costs

The total staff costs for the first three months in 2017 was approximately HK\$3.0 million (2016: HK\$2.5 million) and represented an increase of approximately HK\$0.5 million or 19.8% compared with the correspondence period in 2016. The increase was mainly attributable to the increase in staff salaries, bonus and allowances by HK\$0.5 million which was due to increase in number of staff to support the operations and money lending business as well as securities business. As at 31 March 2017, the Group had a total of 36 employees including Directors (2016: 32).

	2017 HK\$'000	2016 HK\$'000
Commission paid to staff	116	181
Directors' emoluments and staff salaries, bonus and allowances	2,752	2,241
Other staff costs including MPF and insurance	169	114
Total	3,037	2,536

Administrative expenses

The total administrative expenses for the first three months in 2017 was approximately HK\$2.9 million (2016: HK\$1.9 million) and the increase was mainly due to increase in office rental expenses and legal and professional fees related to business operations.

	2017 HK\$'000	2016 HK\$'000
Rent and rates and management fee for office	1,310	895
Stock information subscription fees and CCASS charges	415	323
Legal and professional fees, listing and compliance fees of the Company	447	256
Other office expenses excluding staff costs	691	426
Total	2,863	1,900

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

The income tax expense for the first three months in 2017 was approximately HK\$0.5 million (2016: HK\$0.3 million) and such increase was consistent with the increase in profits assessable under Hong Kong Profits tax.

(Loss) for the period

The Group recorded a net loss attributable to owners of approximately HK\$0.01 million for the first three months in 2017 (2016: HK\$0.04 million) and it remained relatively similar to last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first three months in 2017, the Group financed its operations by cash flow from operating activities. As at 31 March 2017, the Group had net current assets of approximately HK\$259.8 million (2016: HK\$272.6 million), including cash of approximately HK\$58.2 million (2016: HK\$71.9 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 3.8 times as at 31 March 2017 (2016: 4.3 times). The decrease in the current ratio was mainly attributable to the increase in portion of receivables from money lending services which is not due within one year and classified as non-current assets.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$295.3 million as at 31 March 2017 (2016: HK\$273.8 million).

EMPLOYEE INFORMATION

Total remuneration for the first three months in 2017 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$2.9 million (2016: HK\$2.4 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 31 March 2017 (2016: Nil).

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 three months in 2017 and up to the date of results announcement and quarterly report issuance of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and quarterly 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 31 March 2017.

USE OF PROCEEDS

Among the net proceeds of approximately HK\$10.7 million from the placing transaction conducted in February 2017, up to the latest practicable date for the purpose of this report, approximately HK\$0.7 million has been used as general working capital of the Group. In addition, HK\$10.0 million was lent to a wholly-owned subsidiary for conducting money lending business in which HK\$5.0 million was lent out to clients. The remaining HK\$5.0 million is kept in the subsidiary's bank account.

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 31 March 2017, 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 31 March 2017, 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	20,032,000	5.06%
Mr. Guo Jinkun (Note 1)	Interest of controlled corporation	20,032,000	5.06%
Ms. Shen Rongfang (Note 2)	Family interest	20,032,000	5.06%

Notes:

- 20,032,000 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 396,000,000 shares of the Company in issue as at 31 March 2017.

Save as disclosed above, as at 31 March 2017, 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 approximately 7.58% 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 three months ended 31 March 2017 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 three months ended 31 March 2017 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 31 March 2017, 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.

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 three months ended 31 March 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 31 March 2017, 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 three months ended 31 March 2017, 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.



OTHER INFORMATION

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. Tang Chung Wai and Ms. Chan Man Yi.

The primary duty of the Audit Committee are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditor to approve their remuneration and terms of engagement, to review and monitor the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards, to review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system, internal control and risk management systems of the Group and the monitor 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 three months ended 31 March 2017 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 May 2017

As at the date of this report, the executive Directors are Mr. Lam Shu Chung and Ms. Lee Nga Ching; the non-executive Director 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.