



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

2018

First Quarterly Report

CHARACTERISTICS OF THE GEM (“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 2018 together with the comparative unaudited figures for the corresponding period in 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months period ended 31 March 2018

	Note	Three months ended 31 March	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	4	7,269	6,304
Other income	5	—	81
Staff costs		(3,535)	(3,037)
Administrative expenses		(3,330)	(2,863)
Profit before taxation		404	485
Income tax	6	(348)	(500)
Profit/(loss) for the period attributable to owners of the Company		56	(15)
Other comprehensive income for the period		—	—
Total comprehensive income for the period attributable to owners of the Company		56	(15)
Earning/(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 2018

	Attributable to owners of the Company				Total HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share Premium HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Retained profits HK\$'000 (Unaudited)	
At 1 January 2018	4,320	138,016	8	172,825	315,169
Profit and total comprehensive income for the period	—	—	—	56	56
At 31 March 2018	4,320	138,016	8	172,881	315,225

For the three months period ended 31 March 2017

	Attributable to owners of the Company				Total HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share Premium HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Retained profits 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2018

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 GEM ("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 2017 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 2018. 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 2018

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 2018 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	1,628	1,272	—	4,369	7,269
Reportable segment profit	90	71	—	243	404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2018

3. SEGMENT REVENUE *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 31 March 2017 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	960	1,207	—	4,137	6,304
Reportable segment profit	62	77	—	265	404

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 2018 and 2017 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	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Commission income from brokerage services	1,628	960
Commission income from underwriting and placing services	—	—
Interest income from margin financing services	1,272	1,207
Interest income from money lending services	4,369	4,137
	7,269	6,304

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2018

5. OTHER INCOME

	For the three months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 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	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	348	500
	348	500

The provision for Hong Kong Profits tax for 2018 is calculated at 8.25% on the first HK\$2,000,000 and 16.5% of the remaining balance (2017: 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 2018 (2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2018

8. EARNING/(LOSS) PER SHARE

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

	For the three months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Earning/(loss):		
Earning/(loss) for the purposes of basic and diluted earnings per share:		
Earning/(loss) for the period attributable to owners of the Company	56	(15)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	432,000,000	389,600,000

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 earning/(loss) per share is presented for the three months period ended 31 March 2018 and 2017 as there were no potential ordinary shares outstanding during the period.

9. CREDIT FACILITIES

a) At 31 March 2018 and 2017, the Group had the following banking facilities with Chong Hing Bank Limited:

- bank overdraft facility to the extent of HK\$20,000,000 (2017: 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 2018 and 2017, the banking facilities were secured by corporate guarantee to the extent of HK\$20,000,000 executed by the Company (2017: HK\$20,000,000).

b) As at 31 March 2018 and 2017, 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 2018, due to the increased turnover of the Hongkong securities market, the Group recorded an increase in commission income from brokerage services by approximately 69.6% compared with the corresponding period in 2017, whereas the interest income from margin financing services and interest income from money lending services remained relatively stable.

The commission income from brokerage services relates to the turnover of the Hongkong securities market, which is beyond the Group's control and the Group expects that on average it will be similar to 2017. In addition, as mentioned in previous years' reports, commission income from underwriting and placing services directly 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. The Group will continue to keep an eye on opportunities available and participate in such transactions if they are profitable under the Group's risk management framework.

At the same time, the Group will continue to expand money lending business by utilising the proceeds obtained in previous placing activities to maximise the profit of the Group and return to shareholders.

Going forward, the Group intends to provide new financial services to existing customer base and potential customers by studying market demands, resources available within the Group and applying additional licenses if needed. Further information will be provided to shareholders in due course.

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 three months in 2018 was approximately HK\$7.3 million (2017: HK\$6.3 million) which represented an increase of approximately HK\$1.0 million or 15.3% compared with 2017. Such growth was attributable to (i) an increase of approximately HK\$0.7 million in commission income from brokerage services; and (ii) an increase in interest income from money lending services of approximately HK\$0.2 million. The increase in commission income from brokerage services was mainly due to increased turnover of the Hongkong securities market and the related trading volume of our customers.

MANAGEMENT DISCUSSION AND ANALYSIS

	For the three months ended 31 March	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Commission income from brokerage services	1,628	960
Commission income from underwriting and placing services	—	—
Interest income from margin financing services	1,272	1,207
Interest income from money lending services	4,369	4,137
	7,269	6,304

As at 31 March 2018, the Group had 799 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2017: 800 active securities accounts).

Staff costs

The total staff costs for the first three months in 2018 was approximately HK\$3.5 million (2017: HK\$3.0 million) which represented an increase of approximately HK\$0.5 million or 16.4% compared with 2017. The increase was mainly attributable to the increase in commission paid to staff of approximately HK\$0.3 million.

	2018 HK\$'000	2017 HK\$'000
Commission paid to staff	397	116
Directors' emoluments and staff salaries, bonus and allowances	2,952	2,752
Other staff costs including MPF and insurance	186	169
	3,535	3,037

Administrative expenses

The total administrative expenses for the first three months in 2018 was approximately HK\$3.3 million (2017: HK\$2.9 million) which represented an increase of approximately HK\$0.5 million or 16.3% compared with 2017. Such increase was mainly attributable to the increase in advertising and promotion expense as well as various general expenses.

Income tax expenses

The income tax expense for the first three months in 2018 was approximately HK\$0.3 million (2017: HK\$0.5 million) and such drop was due to the potential implication of two-tiered rates chargeable on profits assessable under Hong Kong Profits tax.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit/ (loss) for the period

The Group recorded a net profit attributable to owners of the Company of approximately HK\$0.06 million for the first three months in 2018 (2017: loss of HK\$0.02 million). Such change was mainly due to the increase in total revenue of the Group and saving of profit tax payable due to the potential implication of two-tiered rates chargeable on profits assessable under Hong Kong Profits tax.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first three months in 2018, the Group financed its operations by cash flow from operating activities. As at 31 March 2018, the Group had net current assets of approximately HK\$284.9 million (2017: HK\$259.8 million), including cash of approximately HK\$73.0 million (2017: HK\$58.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 11.3 times as at 31 March 2018 (2017: 3.8 times). The increase in the current ratio was mainly attributable to the lower balances of trade payables to cash and clients in 2018 compared to 2017.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$315.2 million as at 31 March 2018 (2017: HK\$295.3 million).

EMPLOYEE INFORMATION

Total remuneration for the first three months in 2018 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions and other employee costs) was approximately HK\$3.4 million (2017: HK\$2.9 million). Such increase was mainly due to the increase in commission paid to staff 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 2018 (2017: 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 2018 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 2018.

USE OF PROCEEDS

As at the latest practicable date, among the net proceeds of approximately HK\$20.3 million from the placing completed on 5 June 2017, approximately HK\$1.3 million has been utilised as general working capital of the Group whereas HK\$19.0 million was lent out to clients.

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 2018, 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 2018, 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, there was no person who had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the company and the Stock Exchange.

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 6.94% of the issued share capital of the Company.

OTHER INFORMATION

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the "Option"), the Eligible Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 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 three months ended 31 March 2018 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 2018 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 31 March 2018, 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 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 31 March 2018, 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 2018, 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 chief executive ("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.

The Company currently has no chairman or CEO. 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 chairman or 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. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

The Company will, at the appropriate time, arrange for the election of the new chairman of the Board.

OTHER INFORMATION

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. Siu Kin Wai. 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 2018 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, 11 May 2018

As at the date of this report, the executive Directors are Mr. Lam Shu Chung, Ms. Lee Nga Ching and Ms. Cheung Yu Xuan and the independent non-executive Directors are Mr. Siu Kin Wai, Mr. Tang Chung Wai and Ms. Chan Man Yi.