



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

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 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 period ended 31 March 2016

	Note	Three months ended 31 March	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	4,705	17,321
Other income	5	—	257
Staff costs		(2,536)	(2,121)
Administrative expenses		(1,900)	(1,917)
Profit before taxation		269	13,540
Income tax	6	(310)	(2,400)
(Loss)/profit for the period attributable to owners of the Company		(41)	11,140
Other comprehensive income for the period		—	—
Total comprehensive income for the period attributable to owners of the Company		(41)	11,140
(Loss)/earnings per share			
Basic and diluted	8	(0.01) cents	3.09 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2016

	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 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

For the three months period ended 31 March 2015

	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 2015	3,600	93,514	8	150,588	247,710
Profit and total comprehensive income for the period	—	—	—	11,140	11,140
At 31 March 2015	3,600	93,514	8	161,728	258,850

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2016

1. GENERAL

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

Name of subsidiary	Place of incorporation/ operation	Attributable equity interest held by the Company		Issued and fully paid-up capital	Principal activities	Legal form
		Directly	Indirectly			
Capital Business International Limited ("Capital Business")	British Virgin Islands/Hong Kong	100%	—	1,000 ordinary shares of US\$1 each	Investment holding	Private limited liability company
Orient Securities Holdings Limited	Hong Kong/Hong Kong	—	100%	18,832 ordinary shares of HK\$1 each	Investment holding	Private limited liability company
Orient Securities Limited ("Orient Securities")	Hong Kong/Hong Kong	—	100%	20,000,000 ordinary shares of HK\$1 each	Provision of brokerage services, underwriting and placing services and securities and initial public offering financing services	Private limited liability company
Orient Securities Finance Limited	Hong Kong/Hong Kong	—	100%	10,000 ordinary shares	Provision of money lending services	Private limited liability company

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2016

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 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.

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 2016

3. SEGMENT REVENUE

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

Brokerage	—	Provision of brokerage 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 and employee's loan, sundry income, listing expenses and income tax expenses.

The segment revenue and results for the three months period ended 31 March 2016 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	1,494	957	21	2,233	4,705
Reportable segment profit	85	55	1	128	269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2016

3. SEGMENT REVENUE *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 31 March 2015 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	3,723	2,733	10,865	—	17,321
Reportable segment profit	2,855	2,096	8,332	—	13,283

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 2016 and 2015 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	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission income from brokerage services	1,494	3,723
Commission income from underwriting and placing services	21	10,865
Interest income from margin financing services	957	2,733
Interest income from money lending services	2,233	—
	4,705	17,321

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2016

5. OTHER INCOME

	For the three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest income on		
— bank deposits	—	4
— employee's loan	—	3
Total interest income on financial assets not at fair value through profit or loss	—	7
Sundry income	—	250
	—	257

6. INCOME TAX

	For the three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	310	2,400
	310	2,400

The provision for Hong Kong Profits tax for 2016 is calculated at 16.5% (2015: 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 2016 (2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 31 March 2016

8. (LOSS)/EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(Loss)/earnings:		
(Loss)/earnings for the purposes of basic and diluted earnings per share:		
(Loss)/profit for the period attributable to owners of the Company	(41)	11,140
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

No diluted (loss)/earnings per share is presented for the three months period ended 31 March 2016 and 2015 as there were no potential ordinary shares outstanding during the period.

9. CREDIT FACILITIES

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

- bank overdraft facility to the extent of HK\$20,000,000 (2015: HK\$20,000,000). Interest is charged at prime lending rate as quoted by Chong Hing Bank Limited per annum. There is no fixed dates or terms of repayment of the bank overdraft; and

At 31 March 2016 and 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 (2015: HK\$20,000,000).

b) As at 31 March 2016 and 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) securities and initial public offering financing services; and (iv) money lending services. During the first three months in 2016, the Group faced a significant drop in commission income from the brokerage services and the underwriting and placing services and resulted in a loss after taxation. This is the first time the Group recorded a loss since the Group's listing on GEM board in 2014. 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. At the same time, the Group is positioned to divert currently available 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 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. After considering the external factors mentioned above and their likely impact to the Group's revenue, it is expected the Group's revenue in the coming months in 2016 will not be comparable with the corresponding period in 2015. Furthermore, it is expected that the Group's revenue mix will be changed whereby the proportion of interest income from the money lending services over the Group's overall revenue will increase since the Group is planning to utilise the cash on hand to conduct more money lending transactions under current credit management policies.

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 2016 was approximately HK\$4.7 million (2015: HK\$17.3 million) which represents a HK\$12.6 million or 72.8% drop compared with the corresponding period in 2015. Such decrease was mainly attributable to (i) a decrease of approximately HK\$10.8 million in commission income from the underwriting and placing services; (ii) a decrease of approximately HK\$2.2 million in commission income from the brokerage services; and (iii) an net increase of approximately HK\$0.5 million in interest income from the margin financing services and the money lending services.

MANAGEMENT DISCUSSION AND ANALYSIS

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 three months of 2016. During the first three months of 2016, the Group carried out 1 underwriting and placing transaction (2015: 12).

	2016 HK\$'000	2015 HK\$'000
Commission income from the brokerage services	1,494	3,723
Commission income from the underwriting and placing services	21	10,865
Interest income from the margin financing services	957	2,733
Interest income from the money lending services	2,233	—
Total	4,705	17,321

As at 31 March 2016, the Group had 866 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2015: 872 active securities accounts). In addition, the trade receivables from cash and margin clients as at 31 March 2016 were approximately HK\$56.3 million (2015: HK\$110.6 million).

Other income

There was no other revenue and other net income for the first three months in 2016. (2015: HK\$0.3 million).

	2016 HK\$'000	2015 HK\$'000
Interest income from bank deposits and employee loan	—	7
Sundry income	—	250
	—	257

Staff costs

The total staff costs for the first three months in 2016 was approximately HK\$2.5 million (2015: HK\$2.1 million) and represented an increase of approximately HK\$0.4 million or 19.6% compared with the correspondence period in 2015. The increase was mainly attributable to the increase in staff salaries, bonus and allowances by HK\$0.3 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 2016, the Group had a total of 32 employees including Directors (2015: 26).

	2016 HK\$'000	2015 HK\$'000
Commission paid to staff	181	121
Directors' emoluments	525	513
Staff salaries, bonus and allowances	1,716	1,395
Other staff costs including MPF and insurance	114	92
	2,536	2,121

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The total administrative expenses for the first three months in 2016 was approximately HK\$1.9 million (2015: HK\$1.9 million) and it remained relatively stable.

	2016 HK\$'000	2015 HK\$'000
Rent and rates and management fee for office	895	901
Stock information subscription fees and CCASS charges	323	430
Legal and professional fees, listing and compliance fees of the Company	256	288
Other office expenses excluding staff costs	426	298
Total	1,900	1,917

Income tax expenses

The income tax expense for the first three months in 2016 was approximately HK\$0.3 million (2015: HK\$2.4 million) and such drop was consistent with the decrease in profits assessable under Hong Kong Profits tax.

(Loss)/profit for the period

The Group recorded a net loss attributable to owners of approximately HK\$0.04 million for the first three months in 2016 (2015: profit of HK\$11.1 million). Such change was mainly due to the decrease in total revenue of HK\$12.6 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first three months in 2016, the Group financed its operations by cash flow from operating activities. As at 31 March 2016, the Group had net current assets of approximately HK\$272.6 million (2015: HK\$258.0 million), including cash of approximately HK\$71.9 million (2015: HK\$153.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 4.3 times as at 31 March 2016 (2015: 3.4 times). The increase in the current ratio was mainly attributable to the lower balances of trade payables to cash and clients in 2016 compared to 2015 as well as a smaller amount of tax expense provision.

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 31 March 2016 (2015: HK\$258.9 million).

EMPLOYEE INFORMATION

Total remuneration for the first three months in 2016 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$2.4 million (2015: HK\$2.0 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 31 March 2016 (2015: 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 2016 and up to the date of results announcement and quarterly report issuance of the Company.

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 2016.

USE OF PROCEEDS

Among the net proceeds of approximately HK\$58.2 million from the placing transaction conducted in October 2014, up to the latest practicable date for the purpose of this report, approximately HK\$7.6 million has been used as general working capital of the Group, comprising (i) approximately HK\$5.3 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. The remaining balance of approximately HK\$0.6 million is kept in the Company's bank account and the Directors intend to utilize such remaining balance as general working capital of the Group as stated in the announcement of the Company dated 29 September 2014.

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 tendered his resignation as an executive director of the Company and has ceased to be the compliance officer of the Company with effect from 11 April 2016;
- Ms. Lee Nga Ching has been appointed as the compliance officer of the Company with effect from 11 April 2016 in place of Mr. Chu Sung Hei;
- Ms. Tse Ka Pui Jessica has been appointed as a non-executive Director of the Company with effect from 28 April 2016;
- Mr. Tang Chung Wai has been appointed as an independent non-executive Director and member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 28 April 2016; and
- Ms. Chan Man Yi has been appointed as an independent non-executive Director and member of each of audit committee, remuneration committee and nomination committee of the Company with effect from 28 April 2016.

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 2016, 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").

OTHER INFORMATION

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

As at 31 March 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 (Note 1)	Beneficial interest	42,292,000	11.75%
Mr. Guo Jinkun (Note 1)	Interest of controlled corporation	42,292,000	11.75%
Ms. Shen Rongfang (Note 2)	Family interest	42,292,000	11.75%

Notes:

1. 75,000,000 Shares are owned by Time Era Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Guo Jinkun ("Mr. Guo"). Therefore, Mr. Guo is deemed to be interested in the shares held by Time Era Limited by virtue of Time Era Limited being controlled by Mr. Guo.
2. 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.
3. The percentage is calculated on the basis of 360,000,000 shares of the Company in issue as at 31 March 2016.

Save as disclosed above, as at 31 March 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.

OTHER INFORMATION

SHARE OPTION SCHEME

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

As at the date of this report, the total number of shares available for issue under the Scheme is 30,000,000 shares, representing 8.33% of the issued share capital of the Company.

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the “Option”), the Eligible Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a day on which trading of shares take place on the Stock Exchange (the “Trading Day”); (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the 5 Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a share. For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed on the Stock Exchange for less than 5 Trading Days, the placing price shall be used as the closing price for any Trading Day falling within the period before the Listing Date. The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue from the Listing Date.

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

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

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

OTHER INFORMATION

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION” and “SHARE OPTION SCHEME” in this report, at no time during the three months ended 31 March 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 three months ended 31 March 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).

COMPETING INTERESTS

As at 31 March 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 31 March 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 three months ended 31 March 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 31 March 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”).

OTHER INFORMATION

Throughout the three months ended 31 March 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.

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 five independent non-executive Directors and is chaired by Mr. Lee Siu Leung. The other members are Mr. Choy Sze Chung Jojo, Mr. See Lee Seng Reason, 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 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
Lam Shu Chung
Chairman and Executive Director

Hong Kong, 12 May 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 Director is Ms. Tse Ka Pui Jessica and the independent non-executive Directors are Mr. Choy Sze Chung Jojo, Mr. Lee Siu Leung, Mr. See Lee Seng Reason, Mr. Tang Chung Wai and Ms. Chan Man Yi.