



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

Third 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 and nine months period ended 30 September 2016 together with the comparative unaudited figures for the corresponding period in 2015.

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

For the three months and nine months period ended 30 September 2016

	Note	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	6,213	6,383	16,810	44,173
Other income	5	10	7	19	289
		6,223	6,390	16,829	44,462
Staff costs		(2,931)	(3,382)	(8,066)	(7,464)
Administrative expenses		(3,417)	(2,136)	(8,036)	(6,508)
(Loss)/profit before taxation		(125)	849	727	30,467
Income tax	6	(512)	(673)	(1,350)	(5,572)
(Loss)/profit for the period attributable to owners of the Company		(637)	176	(623)	24,895
Other comprehensive income for the period		—	—	—	—
Total comprehensive income for the period attributable to owners of the Company		(637)	176	(623)	24,895
(Loss)/earnings per share					
Basic and diluted	8	(0.17) cents	0.05 cents	(0.17) cents	6.92 cents

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2016

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2016 (audited)	3,600	93,514	8	176,693	273,815
(Loss) and total comprehensive income for the period	—	—	—	(623)	(623)
Placing of shares	180	14,137	—	—	14,317
At 30 September 2016 (unaudited)	3,780	107,651	8	176,070	287,509

For the nine months period ended 30 September 2015

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share Premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2015 (audited)	3,600	93,514	8	150,588	247,710
Profit and total comprehensive income for the period	—	—	—	24,895	24,895
At 30 September 2015 (unaudited)	3,600	93,514	8	175,483	272,605

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2016

## 1. GENERAL INFORMATION

Orient Securities International Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability on 5 January 2009 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 January 2014. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Rooms 3101 & 3117-3118, 31/F, 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 ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 January 2016. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the three months and nine months period ended 30 September 2016 comprises the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand except for otherwise indicated. The Company's functional and the Group's presentation currency are both HK\$.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2016

## 3. SEGMENT REPORTING

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following 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

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

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

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

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

### a) Segment revenue and results

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

Segment profit represents the profit earned by each segment without allocation of interest income on bank deposits and employee's loan, sundry income, and income tax expenses.

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

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Margin financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue					
Revenue from external clients	4,242	21	2,931	9,616	16,810
Reportable segment profit	179	1	123	405	708

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2016

## 3. SEGMENT REPORTING *(Continued)*

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

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

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Margin financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Reportable segment revenue					
Revenue from external clients	1,323	—	1,183	3,707	6,213
Reportable segment (loss)	(29)	—	(26)	(80)	(135)

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

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Margin financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 unaudited)
Reportable segment revenue					
Revenue from external clients	17,945	18,825	7,403	—	44,173
Reportable segment profit	12,260	12,861	5,057	—	30,178

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

	Brokerage HK\$'000 (unaudited)	Underwriting and placing HK\$'000 (unaudited)	Margin financing HK\$'000 (unaudited)	Money lending HK\$'000 (unaudited)	Total HK\$'000 unaudited)
Reportable segment revenue					
Revenue from external clients	4,213	1	2,169	—	6,383
Reportable segment profit/(loss)	1,600	(1,752)	994	—	842

### b) *Information about geographical areas*

All of the activities of the Group are carried out in Hong Kong and all of the Group's revenue for the three months and nine months period ended 30 September 2016 and 2015 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2016

### 4. REVENUE

Revenue represents commission from brokerage services, commission 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 turnover is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission from brokerage services	1,323	4,213	4,242	17,945
Commission from underwriting and placing services	—	1	21	18,825
Interest income from margin financing services	1,183	2,169	2,931	7,403
Interest income from money lending services	3,707	—	9,616	—
	6,213	6,383	16,810	44,173

### 5. OTHER REVENUE AND OTHER NET INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Interest income on				
— bank deposits	—	7	9	34
— employee's loan	—	—	—	5
Total interest income on financial assets not at fair value through profit or loss	—	7	9	39
Sundry income	10	—	10	250
	10	7	19	289



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2016

## 6. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	512	673	1,350	5,572

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 nine months ended 30 September 2016 (2015: Nil).

## 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 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>(Loss)/earnings:</b>				
(Loss)/earnings for the purposes of basic and diluted earnings per share:				
(Loss)/profit for the period attributable to owners of the Company	(637)	176	(623)	24,895
<b>Number of shares:</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	366,065,217	360,000,000	362,043,956	360,000,000

The calculation of the weighted average number of shares outstanding during the three months and nine months ended 30 September 2016 has been adjusted for the effect of the placing of 18,000,000 new shares on 31 August 2016.

No diluted earnings per share is presented for the nine months ended 30 September 2016 and 2015 as there were no potential ordinary shares outstanding during the period.

# 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 nine months of 2016, as disclosed in the first quarterly report and interim report of 2016, the Group faced a significant drop in commission income from the brokerage services and the underwriting and placing services as compared to the corresponding period in 2015.

The Group and the management have been putting extra effort in developing the business. Nevertheless, the Group's performance relied on external factors, including Hongkong and global economic environment, interest rate movement and the turnover of the Hongkong securities market. 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, as compared to the corresponding period in 2015.

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. Specifically for 2016, however, it is not expected that the Group's revenue will have a further significant decrease in the last three months of the year as compared to the first nine months of the year, in particular for the commission income from brokerage services, commission income from underwriting and placing services and interest income from margin financing services.

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 as compared to the corresponding period in 2015 since the Group has utilised the cash on hand to conduct more money lending transactions under current credit management policies. Going forward to the last three months of 2016, the revenue mix is expected to be similar to the first nine months of 2016.

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

The total revenue for the first nine months of 2016 was approximately HK\$16.8 million (2015: HK\$44.2 million) which represents a HK\$27.4 million or 62.0% drop compared to the corresponding period in 2015. Such decrease was mainly attributable to (i) a decrease of approximately HK\$18.8 million in commission income from the underwriting and placing services; (ii) a decrease of approximately HK\$13.7 million in commission income from the brokerage services; (iii) a decrease of approximately HK\$4.5 million in interest income from the margin financing services, and (iv) a new line of business generating interest income from money lending services of approximately HK\$9.6 million.

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Commission from brokerage services	1,323	4,213	4,242	17,945
Commission from underwriting and placing services	—	1	21	18,825
Interest income from margin financing services	1,183	2,169	2,931	7,403
Interest income from money lending services	3,707	—	9,616	—
	<b>6,213</b>	6,383	<b>16,810</b>	44,173

As at 30 September 2016, the Group had 842 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2015: 879 active securities accounts).

Regarding the money lending business, as at 30 September 2016, the Group has 15 customers for this service. The loans' principal range from HK\$0.05 million to HK\$14 million with interest rates range from approximately 8% to 30% per annum. The repayment periods range from 1 year to 5 years.

### Staff Costs

The total staff costs for the first nine months of 2016 was approximately HK\$8.1 million (2015: HK\$7.5 million) and represented an increase of approximately HK\$0.6 million or 8.0% compared with 2015. The increase was mainly attributable to the increase in staff salaries and director remunerations which was due to recruitment of additional staff and appointment of new director to support the operations and money lending business as well as securities business.

### Administrative Expenses

The total administrative expenses for the first nine months of 2016 was approximately HK\$8.0 million (2015: HK\$6.5 million) and represented an increase of approximately HK\$1.5 million or 23.1% compared with 2015. Such increase was mainly due to increase of office rental expenses of HK\$1.2 million as the Group rented new offices during the period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Income tax expenses*

The income tax expense for the first nine months of 2016 was approximately HK\$1.4 million (2015: HK\$5.6 million) and such drop was consistent with the decrease in assessable profits under Hong Kong Profits tax.

## *Profit for the period*

The Group recorded a net loss attributable to owners of the Company of approximately HK\$0.6 million for the first nine months of 2016 (2015: profit of HK\$24.9 million). Such change was mainly due to the decrease in total revenue of HK\$27.4 million.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the first nine months of 2016, the Group financed its operations by cash flow from operating activities. As at 30 September 2016, the Group had net current assets of approximately HK\$284.8 million (2015: HK\$271.4 million), including cash of approximately HK\$68.6 million (2015: HK\$271.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 6.1 times as at 30 September 2016 (2015: 3.0 times). The increase in the current ratio was mainly attributable to the lower balances of trade payables to cash and margin clients in 2016 compared to 2015.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$287.5 million as at 30 September 2016 (2015: HK\$272.6 million).

## **EMPLOYEE INFORMATION**

Total remuneration for the first nine months in 2016 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions) was approximately HK\$7.7 million (2015: HK\$7.2 million). Such increase was mainly due to the increase in staff salaries, bonus and allowances as mentioned under the Staff Costs section above. The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

## **CHARGES ON THE GROUP'S ASSETS**

The Group did not have any charge arranged with any financial institution in Hong Kong as at 30 September 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 nine months in 2016 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 30 September 2016.

## USE OF PROCEEDS

Among the net proceeds of approximately HK\$14.3 million from the placing transaction conducted in August 2016, up to the latest practicable date for the purpose of this report, HK\$0.6 million has been used as general working capital of the Group, comprising (i) approximately HK\$0.4 million as Directors' remuneration and staff salaries payment, and (ii) approximately HK\$0.2 million as compliance and professional fee and general expenses. The remaining balance of HK\$13.7 million was kept in the Company's interest bearing bank account. The Directors do not intend to change the intended usage of the proceed as announced in the announcement dated 31 August 2016.

# 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 is as follows:

- Ms. Fung Yuk Chun Emily tendered her resignation as an executive Director with effect from 6 September 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 30 September 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").

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

As at 30 September 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	28,392,000	7.51%
Mr. Guo Jinkun (Note 1)	Interest of controlled corporation	28,392,000	7.51%
Ms. Shen Rongfang (Note 2)	Family interest	28,392,000	7.51%

Notes:

1. 28,392,000 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 378,000,000 shares of the Company in issue as at 30 September 2016.

## OTHER INFORMATION

Save as disclosed above, as at 30 September 2016, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

### OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

### SHARE OPTION SCHEME

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

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 7.94% of the issued share capital of the Company.

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

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

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

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

## OTHER INFORMATION

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" and "SHARE OPTION SCHEME" in this report, at no time during the nine months ended 30 September 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 nine months ended 30 September 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 30 September 2016, none of the Directors, the substantial Shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### COMPLIANCE ADVISER'S INTERESTS

As at 30 September 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 nine months ended 30 September 2016.

### PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code").

Throughout the nine months ended 30 September 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:



## OTHER INFORMATION

Pursuant to A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

Mr. Lam Shu Chung is the Chairman of the Board and is responsible for formulation of corporate strategy, overseeing the management of the Group and business development. The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to the Board's affairs and promoting a culture of openness and debate.

The Company has no such position as the CEO and therefore the daily operation and management of the Company is monitored by the executive Directors as well as the senior management.

The Board is of the view that although there is no CEO, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company and the Group.

### AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lee Siu Leung. The other members are Mr. Tang Chung Wai and Ms. Chan Man Yi. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2016 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**Orient Securities International Holdings Limited**  
**Lee Nga Ching**  
*Executive Director*

Hong Kong, 11 November 2016

*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.*