



2021

Interim Report

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

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Orient Securities International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months period ended 30 June 2021 together with the comparative unaudited figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months period ended 30 June 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	11,014	17,138	23,793	33,086
Other income	5	—	757	4	758
		11,014	17,895	23,797	33,844
Staff costs		(2,385)	(2,674)	(5,008)	(5,184)
Administrative expenses		(3,361)	(3,870)	(6,131)	(7,014)
Finance costs		(75)	(75)	(75)	(75)
Profit before taxation	6	5,193	11,276	12,583	21,571
Income tax	7	(1,333)	(1,521)	(2,461)	(2,430)
Profit for the period attributable to owners of the company		3,860	9,755	10,122	19,141
Other comprehensive income for the period		—	—	—	—
Total comprehensive income for the period attributable to owners of the company		3,860	9,755	10,122	19,141
Earnings per share					
Basic and diluted	9	0.89 cents	2.26 cents	2.34 cents	4.43 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	—	2,312
Other assets	11	430	430
Loan and interest receivables	12	30,267	32,467
Deposits		1,100	1,100
Deferred tax assets		429	429
		32,226	36,738
CURRENT ASSETS			
Trade receivables	13	30,568	32,875
Loan and interest receivables	12	282,572	264,710
Prepayments, deposits and other receivables		4,818	4,507
Trust bank balances held on behalf of clients		12,070	12,975
Cash and cash equivalents		1,209	2,218
		331,238	317,285
CURRENT LIABILITIES			
Trade payables	14	10,759	12,930
Accruals and other payables		2,906	1,444
Lease liabilities		—	2,458
Tax payables		7,996	5,510
		21,661	22,342
NET CURRENT ASSETS			
		309,577	294,943
Total assets less current liabilities			
		341,803	331,681
Non-current liabilities			
Debentures		1,000	1,000
Lease liabilities		—	—
		1,000	1,000
NET ASSETS			
		340,803	330,681
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	4,320	4,320
Reserves		336,483	326,361
TOTAL EQUITY			
		340,803	330,681

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2021

	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 2021 (audited)	4,320	138,016	8	188,337	330,681
Profit and total comprehensive income for the period	—	—	—	10,122	10,122
At 30 June 2021 (unaudited)	4,320	138,016	8	198,459	340,803

For the six months period ended 30 June 2020

	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 2020 (audited)	4,320	138,016	8	171,477	313,821
Profit and total comprehensive income for the period	—	—	—	19,141	19,141
At 30 June 2020 (unaudited)	4,320	138,016	8	190,618	332,962

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash (used in) operating activities	(1,009)	(14,506)
Net cash (used in) financing activities	—	(75)
Net (decrease) in cash and cash equivalents	(1,009)	(14,581)
Cash and cash equivalents as at the beginning of the period	2,218	21,484
Cash and cash equivalents as at the end of the period	1,209	6,903

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

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 GEM (“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, 31st Floor, China Merchants Tower, Shun Tak Centre, 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 2020 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 2021. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the three months and six months period ended 30 June 2021 comprises the Company and its subsidiaries.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

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 bank deposits, sundry income 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, sundry income, and income tax expenses.

The segment revenue and results for the six months period ended 30 June 2021 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	969	1,482	4,241	17,101	23,793
Reportable segment profit	512	784	2,242	9,041	12,579

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

3. SEGMENT REPORTING *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 30 June 2021 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	433	1,273	783	8,525	11,014
Reportable segment profit	204	600	369	4,020	5,193

The segment revenue and results for the six months period ended 30 June 2020 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	1,061	11,271	5,648	15,106	33,086
Reportable segment profit	667	7,090	3,553	9,503	20,813

The segment revenue and results for the three months period ended 30 June 2020 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	471	5,928	2,955	7,784	17,138
Reportable segment profit	289	3,638	1,814	4,778	10,519

b) *Information about geographical areas*

All of the activities of the Group are carried out in Hong Kong and all of the Group's revenue for the three months and six months period ended 30 June 2021 and 2020 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

4. REVENUE

The Group's revenue represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Commission from brokerage services and related service income	433	471	969	1,061
Commission from underwriting and placing services	1,273	5,928	1,482	11,271
Interest income from margin financing services	783	2,955	4,241	5,648
Interest income from money lending services	8,525	7,784	17,101	15,106
	11,014	17,138	23,793	33,086

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest income on — bank deposits	—	—	—	—
Total interest income on financial assets not at fair value through profit or loss	—	—	—	—
Sundry income	4	757	4	758
	4	757	4	758

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Staff costs and Directors' emoluments including commission paid to staff and other staff costs	2,385	2,674	5,008	5,184
Depreciation for property, plant and equipment	—	141	—	289
Operating lease charges and depreciation of right-of-use assets in respect of office premises	1,284	1,481	2,739	2,969

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

7. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax Provision for the period	1,333	1,521	2,461	2,430
	1,333	1,521	2,461	2,430

The provision for Hong Kong Profits tax for 2021 is calculated at 8.25% of the first HK\$2,000,000 and 16.5% of the remaining balance (2020: 8.25% of the first HK\$2,000,000 and 16.5% of the remaining balance) of estimated assessable profits for the period.

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months period ended 30 June 2021 (2020: Nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Earnings:				
Earnings for the purposes of basic and diluted earnings per share:				
Profit for the period attributable to owners of the Company	3,860	9,755	10,122	19,141
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	432,000,000	432,000,000	432,000,000	432,000,000

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

10. PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 June 2021, the Group has no addition of plant and equipment (31 December 2020: HK\$nil).

11. OTHER ASSETS

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Statutory and other deposits	430	430

Statutory and other deposits represent deposits placed with various exchanges and clearing houses. These balances do not bear interest.

12. LOAN AND INTEREST RECEIVABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
<i>Money lending services</i>		
Gross loan and interest receivables	312,839	297,177
Less: Provision on loan and interest receivables	—	—
	312,839	297,177
Less: Portion due within one year included under current assets	(282,572)	(264,710)
Non-current portion included under non-current assets	30,267	32,467

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

13. TRADE RECEIVABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Trade receivables arising from the business of dealing in securities:		
— Cash clients	4,541	4,531
— Margin finance loans	47,169	49,486
— Clearing house	—	—
Trade receivables, gross	51,710	54,017
Less: provision on trade receivables	(21,142)	(21,142)
Trade receivables, net	30,568	32,875

These balances are required to be settled on the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). The trade receivables from cash clients bear interest at commercial rates (normally at HK\$ Prime Rate plus a spread).

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

a) Ageing analysis

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Current	10	401
Past due not more than 6 months	401	1,320
Past due more than 6 months	4,130	2,810
	4,541	4,531

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

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement up to the end of the reporting period. In the opinion of the directors of the Company, there is no further credit provision required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

14. TRADE PAYABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Trade payables arising from the business of dealing in securities and equity option:		
— Cash clients	7,996	8,725
— Margin clients	2,628	4,062
— Clients' deposits	128	121
— Clearing house	7	22
	10,759	12,930

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

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

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

The trade payables included HK\$12,070,000 as at 30 June 2021 (31 December 2020: HK\$12,975,000) payable to clients and clearing house in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months period ended 30 June 2021

15. SHARE CAPITAL

	Number of Shares	HK\$
Authorised:		
At 31 December 2020 and 30 June 2021 ordinary shares of HK\$0.01 each	20,000,000,000	200,000,000`
Issued and fully paid:		
At 31 December 2020 and 30 June 2021 ordinary shares of HK\$0.01 each	432,000,000	4,320,000

16. CREDIT FACILITIES

a) At 30 June 2021 and 31 December 2020, Orient Securities had the following banking facilities with Chong Hing Bank Limited:

- bank overdraft facility to the extent of HK\$20,000,000 (31 December 2020: HK\$20,000,000). Interest is charged at prime lending rate as quoted by Chong Hing Bank Limited per annum. The bank overdraft facility is subject to repayable on demand clause.

At 30 June 2021 and 31 December 2020, the banking facilities were secured by the following:

- corporate guarantee to the extent of HK\$20,000,000 executed by the Company.

b) As at 30 June 2021 and 31 December 2020, 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 and relevant service income; (ii) underwriting and placing services; (iii) margin financing services; and (iv) money lending services. During the first half of 2021, due to the number of completed placing transactions was dropped compared with the corresponding period in 2020, the Group's total revenue was decreased by HK\$9.3 million or 28.1% compared with relevant period in 2020. The service income from underwriting and placing services was decreased by HK\$9.8 million in the first half of 2021 compared with the corresponding period in 2020.

For the interest income from money lending services, such income was increased by approximately HK\$2.0 million or 13.2% to HK\$17.1 million in the first half of 2021.

The Group and the management have been working hard and through various channels to develop 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, despite the impact of COVID-19 seems started diminishing from operation perspective.

Accordingly, the commission income from brokerage services 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.

Looking forward, the Group will try making use of the cash received from the current receivables to develop current and potentially new businesses with the aim to further raise the profit of the Group through capturing opportunities available. At the same time, the Group will seek to minimise credit risk exposure by assessing and reviewing new and existing customers' portfolios carefully and conservatively and keep the outstanding balances of individual customers at a minimum level. At entity level, the Group is also focusing on retaining listing status and the management is working hard on this.

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, (iv) interest income from the money lending services and (v) service income from provision of brokerage-related services.

The total revenue for the first half of 2021 was approximately HK\$23.8 million (2020: HK\$33.0 million) which represented a decrease of approximately HK\$9.3 million or 28.1% compared with 2020. Such decrease was mainly attributable to the decrease in service income from provision of underwriting and placing services by HK\$9.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The reasons of decrease and increase in income from various services were mentioned above under the Business Review and Outlook section.

	For the three months ended 30 June		For the six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Commission from brokerage services and related service income	433	471	969	1,061
Commission from underwriting and placing services	1,273	5,928	1,482	11,271
Interest income from margin financing services	783	2,955	4,241	5,648
Interest income from money lending services	8,525	7,784	17,101	15,106
	11,014	17,138	23,793	33,086

As at 30 June 2021, the Group had 654 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2020: 625 active securities accounts).

Staff costs

The total staff costs for the first half of 2021 was approximately HK\$5.0 million (2020: HK\$5.2 million) which was relatively stable.

	2021 HK\$'000	2020 HK\$'000
Commission paid to staff	149	135
Directors' emoluments and staff salaries, bonus and allowances	4,658	4,793
Other staff costs including MPF and insurance	201	256
	5,008	5,184

Administrative expenses

The total administrative expenses for the first half of 2021 was approximately HK\$6.1 million (2020: HK\$7.0 million). Such decrease was due to aggregation of various expenses variances.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

The income tax expense for the first half of 2021 was approximately HK\$2.5 million (2020: HK\$2.4 million) and such increase was due to the increase of assessable profits under Hong Kong Profits Tax.

Profit for the period

The Group recorded a net profit attributable to owners of the Company of approximately HK\$10.1 million for the first half of 2021 (2020: HK\$19.1 million), with a HK\$ 9.0 million or 47.1% decrease. Such change was mainly due to the decrease of revenue by HK\$9.3 million as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first half of 2021, the Group financed its operations by cash flow from operating activities. As at 30 June 2021, the Group had net current assets of approximately HK\$309.6 million (31 December 2020: HK\$294.9 million), including cash and bank balances of approximately HK\$1.2 million (31 December 2020: HK\$2.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 15.3 times as at 30 June 2021 (31 December 2020: 10.8 times). The change was mainly due to increase in receivables. The gearing ratio of the Group, being total interest-bearing debt (excluding trade payables) to total equity, was 0.003 times (31 December 2020: 0.003 times)

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$340.8 million as at 30 June 2021 (31 December 2020: HK\$330.7 million).

EMPLOYEE INFORMATION

Total remuneration for the first half of 2021 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions and other employee costs) was approximately HK\$4.8 million (2020: HK\$4.9 million). It was relatively stable. The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 30 June 2021 (2020: 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.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the first half of 2021 and up to the date of results announcement and interim report issuance of the Company.

EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and interim report issuance of the Company, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the period ended 30 June 2021.

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. Siu Kin Wai, an independent non-executive Director, resigned as an independent non-executive director of Agritrade Resources Limited (Stock Code: 1131) with effect from 9 June 2021.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, none of the Directors and chief executives of the Company (the “Chief Executives”) had any interest or short position in the shares of the Company (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 June 2021, 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 or corporation who had any interests and short positions in the Shares or underlying Shares as recorded in the register of interests 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 (“Scheme”) enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (“Eligible Participant”) as incentives or rewards for their contributions to the Group, the Scheme was conditionally adopted by the Company 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 to the Eligible Participant. The Scheme is 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 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 six months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the six months ended 30 June 2021 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) of the Company and/or its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

As at 30 June 2021, 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 six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Throughout the six months ended 30 June 2021, 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 and A.6.7 as explained below:

OTHER INFORMATION

- 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.

- Pursuant to A.6.7 of CG Code, the independent non-executive Directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders of the Company.

Due to other unavoidable engagements, two independent non-executive Directors were unable to attend annual general meeting of the Company held on 26 May 2021.

UPDATE ON LISTING STATUS

The Company received a letter dated 20 December 2019 from the Stock Exchange to the effect that the Stock Exchange had decided to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company’s listing under Rule 9.14 of the GEM Listing Rules on the view of that the Company has not shown to have sufficient level of operations and assets that could enable it to carry out viable and sustainable business as required by Rule 17.26 of GEM Listing Rules (the “Decision”). Under GEM Listing Rules 4.06(1), the Company filed an application for a review by the GEM Listing Committee in relation to the Decision on 3 January 2020. The review hearing of the Decision by the GEM Listing Committee took place on 10 March 2020. On 18 March 2020, the Company received a fax from the GEM Listing Committee that they had decided to uphold the Decision (“GEM Listing Committee Decision”).

Under Rule 4.06(2) of the GEM Listing Rules, the Company filed an application for a review by the GEM Listing Review Committee in relation to the GEM Listing Committee Decision on 26 March 2020. The review hearing of the GEM Listing Committee Decision by the GEM Listing Review Committee took place on 10 July 2020. On 29 July 2020, the Company received a letter from the GEM Listing Review Committee that they had decided to uphold the GEM Listing Committee Decision to suspend trading in the Shares under Rule 9.04(3) of the GEM Listing Rules (“GEM Listing Review Committee Decision”). According to the said letter, the GEM Listing Review Committee considered that if the Company achieves or exceeds the revenue of HK\$57.29 million and the net profits before taxation of HK\$29.83 million as indicated in its profit forecast for the financial year ended 31 December 2020 through sustainable operations with no disposal of material assets, this will be reasonably strong evidence of re-compliance with Rule 17.26 of GEM Listing Rules by the Company which should then not warrant a suspension of trading.

On 4 August 2020, the Company received a letter from the Stock Exchange setting out the resumption guidance of demonstrating its compliance with Rule 17.26 of the GEM Listing Rules for the resumption of trading in the Shares (“Resumption Guidance”).

OTHER INFORMATION

On 5 May 2021, the Company, through its legal advisers, submitted a resumption proposal to the Stock Exchange with the aim of resuming trading in the Shares on the Stock Exchange on the ground of that the Company has fulfilled the condition that the Stock Exchange has imposed on the Company for resumption of trading of the Shares as stated in the Resumption Guidance. Over the past two months, we have been communicating with the Stock Exchange from time to time to explain about the resumption proposal and made certain written submissions to the Stock Exchange regarding the resumption proposal. Up to the date of this report, save as disclosed, there is no material update in relation to the progress of the resumption.

In view of the GEM Listing Review Committee Decision, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules and it will have a remedial period of 12 months to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the 12-month period (i.e. 29 July 2021), the Stock Exchange may proceed with cancellation of the Company's listing.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 July 2020 and will remain suspended until further notice.

For details, please refer to the announcements of the Company dated 23 December 2019, 3 January 2020, 18 March 2020, 26 March 2020, 29 July 2020, 5 August 2020, 29 October 2020, 29 January 2021 and 29 April 2021.

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. All members of the Audit Committee are appointed by the Board.

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, review the financial statements and material advice in respect of financial reporting, and oversee financial reporting system, the internal control and risk management systems of the Group and monitor continuing connected transactions (if any).

The Audit Committee had reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2021 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, 16 July 2021

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.