



2021

Third Quarterly 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 nine months period ended 30 September 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 nine months period ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	14,664	15,560	38,457	48,646
Other income	5	—	751	4	1,509
		14,664	16,311	38,461	50,155
Staff costs		(2,396)	(2,754)	(7,404)	(7,938)
Administrative expenses		(1,786)	(2,898)	(7,917)	(9,912)
Finance costs		—	—	(75)	(75)
Profit before taxation		10,482	10,659	23,065	32,230
Income tax	6	(1,710)	(960)	(4,171)	(3,390)
Profit for the period attributable to owners of the Company		8,772	9,699	18,894	28,840
Other comprehensive income for the period		—	—	—	—
Total comprehensive income for the period attributable to owners of the Company		8,772	9,699	18,894	28,840
Earnings per share					
Basic and diluted	8	2.03 cents	2.25 cents	4.37 cents	6.68 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 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	—	—	—	18,894	18,894
At 30 September 2021 (unaudited)	4,320	138,016	8	207,231	349,575

For the nine months period ended 30 September 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	—	—	—	28,840	28,840
At 30 September 2020 (unaudited)	4,320	138,016	8	200,317	342,661

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 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, 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 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 nine months period ended 30 September 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 nine months period ended 30 September 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 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, sundry income, and income tax expenses.

The segment revenue and results for the nine months period ended 30 September 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	5,724	2,129	4,875	25,729	38,457
Reportable segment profit	3,432	1,277	2,923	15,429	23,061

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2021

3. SEGMENT REPORTING *(Continued)*

a) *Segment revenue and results (Continued)*

The segment revenue and results for the three months period ended 30 September 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	4,755	647	634	8,628	14,664
Reportable segment profit	3,399	462	453	6,168	10,482

The segment revenue and results for the nine months period ended 30 September 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	7,345	14,874	2,994	23,433	48,646
Reportable segment profit	4,639	9,393	1,891	14,798	30,721

The segment revenue and results for the three months period ended 30 September 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	2,552	3,603	1,078	8,327	15,560
Reportable segment profit	1,624	2,303	686	5,295	9,908

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 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 nine months period ended 30 September 2021

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Commission from brokerage services and related service income	4,755	2,552	5,724	7,345
Commission from underwriting and placing services	647	3,603	2,129	14,874
Interest income from margin financing services	634	1,078	4,875	2,994
Interest income from money lending services	8,628	8,327	25,729	23,433
	14,664	15,560	38,457	48,646

5. OTHER INCOME AND OTHER NET INCOME

	For the three months ended 30 September		For the nine months ended 30 September	
	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	—	751	4	1,509
	—	751	4	1,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months period ended 30 September 2021

6. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	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	1,710	960	4,171	3,390

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.

7. DIVIDENDS

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

8. EARNINGS PER SHARE

The calculation of the basic and diluted 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	
	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	8,772	9,699	18,894	28,840
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 basis earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

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 nine months 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\$10.2 million or 20.9% compared with relevant period in 2020. The service income from underwriting and placing services was decreased by HK\$12.7 million in the first nine months of 2021 compared with the corresponding period in 2020.

For the interest income from money lending services, such income was increased by approximately HK\$2.3 million or 9.8% to HK\$25.7 million in the first nine months 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 nine months of 2021 was approximately HK\$38.5 million (2020: HK\$48.6 million) which represented a decrease of approximately HK\$10.2 million or 20.9% compared with 2020. Such decrease was mainly attributable to the decrease in service income from provision of underwriting and placing services by HK\$12.7 million.

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

MANAGEMENT DISCUSSION AND ANALYSIS

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Commission from brokerage services and related service income	4,755	2,552	5,724	7,345
Commission from underwriting and placing services	647	3,603	2,129	14,874
Interest income from margin financing services	634	1,078	4,875	2,994
Interest income from money lending services	8,628	8,327	25,729	23,433
	14,664	15,560	38,457	48,646

As at 30 September 2021, the Group had 647 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2020: 619 active securities accounts).

Staff costs

The total staff costs for the first nine months of 2021 was approximately HK\$7.4 million (2020: HK\$7.9 million) which was relatively stable.

	2021 HK\$'000	2020 HK\$'000
Commission paid to staff	214	217
Directors' emoluments and staff salaries, bonus and allowances	6,910	7,299
Other staff costs including MPF and insurance	280	422
	7,404	7,938

Administrative expenses

The total administrative expenses for the first nine months of 2021 was approximately HK\$7.9 million (2020: HK\$9.9 million). Such decrease was due to aggregation of various expenses variances, in particular of saving of rental expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

The income tax expense for the first nine months of 2021 was approximately HK\$4.2 million (2020: HK\$3.4 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\$18.9 million for the first nine months of 2021 (2020: HK\$28.8 million), with a HK\$9.9 million or 34.5% decrease. Such change was mainly due to the decrease of revenue by HK\$10.2 million as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the first nine months of 2021, the Group financed its operations by cash flow from operating activities. As at 30 September 2021, the Group had net current assets of approximately HK\$319.1 million (31 December 2020: HK\$294.9 million), including cash and bank balances of approximately HK\$3.0 million (31 December 2020: HK\$2.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 14.4 times as at 30 September 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\$349.6 million as at 30 September 2021 (31 December 2020: HK\$330.7 million).

EMPLOYEE INFORMATION

Total remuneration for the first nine months of 2021 (including directors' emoluments and commission paid to staff and directors excluding MPF contributions and other employee costs) was approximately HK\$7.1 million (2020: HK\$7.5 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 September 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 nine months of 2021 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 30 September 2021.

OTHER INFORMATION

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

As at 30 September 2021, none of the Directors and chief executives of the Company (the “Chief Executives”) had any interests or short positions in the ordinary shares of the Company (“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 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 of the Company 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, the total number of shares available for issue under the Scheme is 30,000,000 shares, representing approximately 6.94% of the issued share capital of the Company.

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 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 nine months ended 30 September 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 September 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 nine months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 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").

OTHER INFORMATION

Throughout the nine months ended 30 September 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:

- 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 was 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 the GEM Listing Rules (“Decision”). Under Rules 4.06(1) of the GEM Listing Rules, 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 the GEM Listing Rules by the Company which should then not warrant a suspension of trading.

OTHER INFORMATION

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 (“Resumption Condition”) for the resumption of trading in the Shares.

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 was suspended with effect from 9:00 a.m. on 30 July 2020 and remained suspended until notice of that the Resumption Condition had been fulfilled by the Company.

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.

Through various submissions, the Company had fulfilled the Resumption Condition to the satisfaction of the Stock Exchange. An application was made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 31 July 2021. For details, please refer to the announcement of the Company dated 30 July 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, to oversee financial reporting system, the internal control and risk management systems of the Group and to monitor continuing connected transactions (if any).

The Audit Committee had reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 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, 12 November 2021

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