

ORIENT SECURITIES INTERNATIONAL HOLDINGS LIMITED
東方滙財證券國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8001)

**INTERIM RESULTS ANNOUNCEMENT FOR
THE SIX MONTHS ENDED 30 JUNE 2022**

**CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG
KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 announcement, 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 announcement.

*This announcement, 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 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 announcement 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 announcement misleading.*

** For identification purpose only*

The board (the “**Board**”) of Directors hereby announces the unaudited condensed consolidated financial statements; (the “**Interim Financial Statements**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) together with the comparative figures of the corresponding period in 2021 (the “**Corresponding Period**” or “**2021**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the three months ended 30 June		For the six months ended 30 June	
		2022	2021	2022	2021
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	10,003	11,014	20,062	23,793
Other income	5	1	—	1	4
		<u>10,004</u>	<u>11,014</u>	<u>20,063</u>	<u>23,797</u>
Employee costs		(3,490)	(2,385)	(4,897)	(5,008)
Administrative expenses		(2,309)	(3,361)	(4,353)	(6,131)
Finance costs		(81)	(75)	(81)	(75)
		<u>4,124</u>	<u>5,193</u>	<u>10,732</u>	<u>12,583</u>
Profit before income tax	6	4,124	5,193	10,732	12,583
Income tax expenses	7	(1,277)	(1,333)	(2,407)	(2,461)
		<u>2,847</u>	<u>3,860</u>	<u>8,325</u>	<u>10,122</u>
Profit for the period attributable to owners of the company		2,847	3,860	8,325	10,122
Other comprehensive income for the period		—	—	—	—
		<u>2,847</u>	<u>3,860</u>	<u>8,325</u>	<u>10,122</u>
Total comprehensive income for the period attributable to owners of the company		2,847	3,860	8,325	10,122
Earnings per share for profit attributable to owners of the Company for the period					
— Basic	9	0.61 cents	0.89 cents	1.86 cents	2.34 cents
— Diluted	9	0.59 cents	0.89 cents	1.77 cents	2.34 cents
		<u>0.61 cents</u>	<u>0.89 cents</u>	<u>1.86 cents</u>	<u>2.34 cents</u>
		<u>0.59 cents</u>	<u>0.89 cents</u>	<u>1.77 cents</u>	<u>2.34 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,147	4,721
Other assets	11	430	430
Loan and interest receivables	12	13,391	18,637
Deposits	12	2,043	2,043
Deferred tax assets		334	334
		19,345	26,165
CURRENT ASSETS			
Trade receivables	13	26,292	28,110
Loan and interest receivables	12	325,672	307,466
Prepayments, deposits and other receivables		3,088	2,827
Trust bank balances held on behalf of clients		16,759	15,535
Cash and cash equivalents		8,340	1,803
		380,151	355,741
CURRENT LIABILITIES			
Trade payables	14	16,544	15,598
Accruals and other payables		1,550	1,223
Lease liabilities		3,179	3,147
Debentures		500	1,000
Tax payables		12,143	10,685
		33,916	31,653
NET CURRENT ASSETS		346,235	324,088
Total assets less current liabilities		365,580	350,253

		At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
	<i>Note</i>		
Non-current liabilities			
Lease liabilities		—	1,597
		—	1,597
NET ASSETS		365,580	348,656
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	5,184	4,320
Reserves		360,396	344,336
TOTAL EQUITY		365,580	348,656

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2022 (audited)	4,320	138,016	8	—	206,312	348,656
New shares issued	864	5,748	—	—	—	6,612
Grant of share options	—	—	—	1,987	—	1,987
Profit and total comprehensive income for the period	—	—	—	—	8,325	8,325
At 30 June 2022 (unaudited)	<u>5,184</u>	<u>143,764</u>	<u>8</u>	<u>1,987</u>	<u>214,637</u>	<u>365,580</u>

For the six months 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)	<u>4,320</u>	<u>138,016</u>	<u>8</u>	<u>198,459</u>	<u>340,803</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the	
	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	2,071	(1,009)
Net cash generated from financing activities	4,466	—
Net increase/(decrease) in cash and cash equivalents	6,537	(1,009)
Cash and cash equivalents as at the beginning of the period	1,803	2,218
Cash and cash equivalents as at the end of the period	8,340	1,209

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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. The Company’s shares have been listed on GEM (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 January 2014. The address of the Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the Company’s principal place of business is situated at Rooms 3101 & 3117- 3118, 31st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in:

- i) brokerage services;
- ii) underwriting and placing services;
- iii) securities, initial public offering financing services; and
- iv) money lending services.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the GEM Listing Rules.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standard (“**HKAS**”) and Interpretations issued by the HKICPA. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Consolidated Financial Statements**”).

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2021 Consolidated Financial Statements.

The Interim Financial Statements have been prepared on the historical costs basis and presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for both periods.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

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:

3. SEGMENT INFORMATION (Continued)

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 ended 30 June 2022 are as follows:

	Brokerage	Underwriting and placing	Margin financing	Money lending	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue					
Revenue from external clients	<u>380</u>	<u>564</u>	<u>2,548</u>	<u>16,570</u>	<u>20,062</u>
Reportable segment (loss)/profit	<u>(47)</u>	<u>(70)</u>	<u>(314)</u>	<u>13,182</u>	<u>12,751</u>

3. SEGMENT REPORTING (Continued)

a) Segment revenue and results (Continued)

The segment revenue and results for the three months ended 30 June 2022 are as follows:

	Brokerage	Underwriting	Margin	Money	Total
	<i>HK\$'000</i>	and placing	financing	lending	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue					
Revenue from external clients	199	214	1,265	8,325	10,003
	<u>199</u>	<u>214</u>	<u>1,265</u>	<u>8,325</u>	<u>10,003</u>
Reportable segment profit	(91)	(177)	(647)	5,039	4,124
	<u>(91)</u>	<u>(177)</u>	<u>(647)</u>	<u>5,039</u>	<u>4,124</u>

The segment revenue and results for the six months ended 30 June 2021 are as follows:

	Brokerage	Underwriting	Margin	Money	Total
	<i>HK\$'000</i>	and placing	financing	lending	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue					
Revenue from external clients	969	1,482	4,241	17,101	23,793
	<u>969</u>	<u>1,482</u>	<u>4,241</u>	<u>17,101</u>	<u>23,793</u>
Reportable segment profit	512	784	2,242	9,041	12,579
	<u>512</u>	<u>784</u>	<u>2,242</u>	<u>9,041</u>	<u>12,579</u>

The segment revenue and results for the three months ended 30 June 2021 are as follows:

	Brokerage	Underwriting	Margin	Money	Total
	<i>HK\$'000</i>	and placing	financing	lending	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Reportable segment revenue					
Revenue from external clients	433	1,273	783	8,525	11,014
	<u>433</u>	<u>1,273</u>	<u>783</u>	<u>8,525</u>	<u>11,014</u>
Reportable segment profit	204	600	369	4,020	5,193
	<u>204</u>	<u>600</u>	<u>369</u>	<u>4,020</u>	<u>5,193</u>

3. SEGMENT REPORTING *(Continued)*

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 ended 30 June 2022 and 2021 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

4. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission from brokerage services and related service income	199	433	380	969
Commission from underwriting and placing services	214	1,273	564	1,482
Interest income from margin financing services	1,265	783	2,548	4,241
Interest income from money lending services	8,325	8,525	16,570	17,101
	<u>10,003</u>	<u>11,014</u>	<u>20,062</u>	<u>23,793</u>

5. OTHER INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income on — bank deposits	—	—	—	—
Sundry income	<u>1</u>	<u>4</u>	<u>1</u>	<u>758</u>
	<u>1</u>	<u>4</u>	<u>1</u>	<u>758</u>

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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staff costs and Directors' emoluments including commission paid to staff and other staff costs	<u>3,490</u>	<u>2,385</u>	<u>4,897</u>	<u>5,008</u>
Operating lease charges and depreciation of right-of-use assets in respect of office premises	<u>787</u>	<u>1,284</u>	<u>1,574</u>	<u>2,739</u>

7. INCOME TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax — Hong Kong Profits				
Tax Provision for the period	1,277	1,333	2,407	2,461
	<u>1,277</u>	<u>1,333</u>	<u>2,407</u>	<u>2,461</u>

The provision for Hong Kong Profits tax for 2022 is calculated at 8.25% of the first HK\$2,000,000 and 16.5% of the remaining balance (2021: 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 did not recommend a payment of dividend for the six months ended 30 June 2022 (2021: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share attributable to equity shareholders of the Company by the weighted average numbers of ordinary shares in issue during the period:

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	2,847	3,860	8,325	10,122
Weighted average number of ordinary shares in issue (<i>Note</i>)	465,230,769	432,000,000	448,707,182	432,000,000
Basic earnings per share (<i>HK cents per share</i>)	0.61 cents	0.89 cents	1.86 cents	2.34 cents

9. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	For the three months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit attributable to equity shareholders of the Company (HK\$ '000)	2,847	3,860	8,325	10,122
Weighted average number of ordinary shares in issue <i>(Note)</i>	465,230,769	432,000,000	448,707,182	432,000,000
Adjustments for share options	21,144,000	—	21,144,000	—
Weighted average number of ordinary shares for diluted earnings per share	486,374,769	432,000,000	469,851,182	432,000,000
Diluted earnings per share (HK cents per share)	0.61 cents	0.89 cents	1.77 cents	2.34 cents

Note: The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the subscription of new shares under general mandate completed on 27 May 2022.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not incur any expenditure on property, plant and equipment (2021 approximately HK\$6,295,000 which solely referred to the right or use assets) and no property, plant and equipment has been disposed of or impaired by the Group for both periods.

11. OTHER ASSETS

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (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

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
<i>Money lending services</i>		
Gross loan and interest receivables	341,362	328,403
Less: Provision on loan and interest receivables	(2,300)	(2,300)
	339,062	326,103
Less: Portion due within one year included under current assets	325,671	(307,466)
Non-current portion included under non-current assets	13,391	18,637

13. TRADE RECEIVABLES

	At 30 June 2022 <i>HK\$'000</i> (unaudited)	At 31 December 2021 <i>HK\$'000</i> (audited)
Trade receivables arising from the business of placing services	1,001	1,001
Trade receivables arising from the business of dealing in securities and equity option:		
— Cash clients	4,107	4,040
— Margin finance loans	46,425	48,186
— Clearing house	—	126
Trade receivables, gross	51,533	53,351
Less: provision on trade receivables	(25,241)	(25,241)
Trade receivables, net	<u>26,292</u>	<u>28,110</u>

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 2022 <i>HK\$'000</i> (unaudited)	31 December 2021 <i>HK\$'000</i> (audited)
Current	310	428
Past due not more than 6 months	276	361
Past due more than 6 months but not more than a year	1,108	753
Past due more than a year	2,413	2,499
	<u>4,107</u>	<u>4,041</u>

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.

13. TRADE RECEIVABLES (Continued)

a) Ageing analysis (Continued)

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.

14. TRADE PAYABLES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade payables arising from the business of dealing in securities and equity option:		
— Cash clients	6,655	9,382
— Margin clients	9,889	6,118
— Clients' deposits	—	98
	<u>16,544</u>	<u>15,598</u>

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.

15. SHARE CAPITAL

	Number of Shares	HK\$
Authorised:		
At 31 December 2021 and 30 June 2022 ordinary shares of HK\$0.01 each	20,000,000,000	200,000,000
Issued and fully paid:		
At 31 December 2021	432,000,000	4,320,000
New shares issued (<i>note</i>)	86,400,000	864,000
	<hr/>	<hr/>
At 30 June 2022	518,400,000	5,184,000
	<hr/>	<hr/>

Note: On 27 May 2022, the Company issued 86,400,000 new ordinary shares under the general mandate at a subscription price of HK\$0.08 per subscription share. The net proceeds from the subscription of shares ("Net Proceeds") after deducting related expenses were approximately HK\$6,600,000 and the Directors intended to apply (i) as to approximately HK\$3.0 million, representing approximately 45.45% of the Net Proceeds, will be used for the potential change of location of the Company's registered Office, including but not limited to (a) payment of initial deposits to the landlord; (b) renovations; (c) fixtures and furniture; and (d) initial set up costs; (ii) as to approximately HK\$1.0 million, representing approximately 15.15% of the Net Proceeds, will be used for recruiting new staffs, in particular additional staff required for expansion of financial sector business; and (iii) the remaining amount of approximately HK\$2.6 million, representing approximately 39.40% of the Net Proceeds, will be used for daily office general and administrative purposes. These shares rank pari passu with the existing shares in all respects.

16. CREDIT FACILITIES

As at 30 June 2022 and 31 December 2021, the Group had a bank overdraft facility with a bank to the extent of HK\$20,000,000 (2020: HK\$20,000,000). Interest is charged at prime lending rate per annum as quoted by the bank. The bank overdraft facility is subject to a repayable on demand clause.

As at 30 June 2022 and 31 December 2021, the banking facilities were guaranteed by a corporate guarantee to the extent of HK\$20,000,000 (2020: HK\$20,000,000) executed by the Company.

As at 30 June 2022 and 31 December 2021, the Group had a loan facility of HK\$35,000,000 of which interest is charged at 12% per annum and maturity date is 24 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS AND BUSINESS OVERVIEW AND OUTLOOK

The Group is an integrated financial service provider licensed to (i) conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong) and (ii) money lending business, through its subsidiaries. Over the years, the Group aims to establish an integrated platform for providing a wide range of financial services to its clients. During the Reporting Period, the principal activities of the Group mainly include (a) placing and underwriting services; (b) securities dealing and brokerage services; and (c) secured debt financing services.

During the Reporting Period, the Group continued to derive a majority of its revenue from its money lending business, which accounts for approximately 82.6% of the Group’s total revenue.

The total revenue of the Group decreased from approximately HK\$23.79 million for the six months ended 30 June 2021 to approximately HK\$20.06 million for the six months ended 30 June 2022, representing a decrease of approximately 15.68%. The decrease in revenue was mainly attributable to the decrease in revenue from the Type 1 licensed regulated services as a result of the COVID-19 pandemic (“COVID-19”) delayed the progress of most originally planned initial public offerings (“IPOs”) projects and fund-raising exercise. Meanwhile, due to an effective cost control implemented by the Group’s management, the Group secured a stable profit for the year attributable to owners of the Company of approximately HK\$8.03 million for the six months ended 30 June 2020, representing a slight decrease of approximately 20.72% as compared to the Corresponding Period.

The management of the Group has been working hard and through various channels to develop the business. Nevertheless, the Group’s performance relied on external factors, including Hong Kong and global economic environment, interest rate movement and the turnover of the Hong Kong securities market and demand of market fund raising activities, as well as the development and impact of COVID-19 and its effect over customers’ investment and financing needs. They are beyond the Group’s control and the Group’s financial performance is susceptible to fluctuation as a result.

Given the challenges in the economic outlook and the capital-intensive nature of the Group's existing principal business, the Group's management believes that the key to future growth of the Group hinges on the expansion of the range of services provided by the Group, where each additional business segment adds to the synergistic effect of the Group's current service offerings. The Group plans to expand into financial services regulated under Type 6 (advising on corporate finance) and the Type 9 (asset management) licenses under the SFO, which will allow the Group to broaden its source of income, explore new markets with growth potential and capture new business opportunities which may create substantial value to the shareholders of the Company (the "**Shareholders**"). With an aim of reaching out for collaboration with other market players, the Group is considering acquiring a company licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity. Specifically, it is the intention of the Directors to identify potential targets with particular priority given to those that has an established network of clients and has a number of deals in the pipeline, which the Group would be able to immediately capitalise on. The Group expects that through the potential acquisition, it could leverage on the existing client base of the target company to further expand the underwriting and placing business cared by the Group through potential placing and underwriting opportunities currently being explored by the target company.

On the other hand, relating the development of the Type 9 (asset management) regulated activity, the Group has recently employed two responsible officers licensed under the SFO and submitted new business plan to the relevant department of the Securities and Futures Commission for application to resumption of the Type 9 license. The potential expansion of the Type 6 and Type 9 regulated activities will allow the Group to extend its coverage in the financial industry and become an enterprise that is capable of providing clients with one-stop comprehensive financial services (including underwriting of new share, bookrunner, custody, placing and other corporate finance advisory services), which will effectively integrate resources and reduce operating costs.

In light of the recurring COVID-19 and uncertainties in the market for a prolonged period, the Group will stick to its robust operational strategies, strictly control costs, actively expand business, and strive to provide better quality products and services. The Group will also capture the development opportunities to create better returns to its Shareholders.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group recorded a revenue of approximately HK\$20,062,000, representing a decrease of approximately 15.68% as compared to the corresponding period of approximately HK\$23,790,000, mainly as a result of the decrease in revenue of the Type 1 licensed regulated services.

The Type 1 licensed regulated services business

The Type 1 licensed regulated services business is conducted by the Group's wholly owned subsidiary, Orient Securities Limited, which is a corporation licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. As at 30 June 2022, the Group had 87 active securities accounts as reported pursuant to Securities and Futures (Financial Resources) Rules (Cap 571N) (2021: 75 active securities accounts).

The money lending business

The money lending business is conducted by the Group's wholly-owned subsidiary, Orient Securities Finance Limited, which is a licensed money lender under the Money Lenders Ordinance.

Based on the existing business model, clients may apply the loans obtained from Orient Securities Finance Limited for personal or corporate purposes. The Group offers fixed-term loans to clients with maturity periods up to 60 months. To manage the associated credit exposure from the Group's money lending business, the Group has credit assessment and internal control procedures.

The Group shall complete credit assessment for applicants for its money lending services. In assessing their creditworthiness, the Group's primary focus is on the collateral and security (if any) offered as well as the applicant's background. The Group evaluates collateral according to various matrices, such as their liquidity, market value volatility and type. In addition to the collateral, the Group's credit assessment department takes into account the client's occupation, financial condition, reputation, investment purpose, securities concentration, asset proof and credit history, which facilitate the Group's assessment on the client's repayment ability. Where necessary, the Group may conduct credit search with external agencies to obtain background information and credit history of its client.

It is the policy of the Group to review the outstanding amount of each loan at least yearly or in a more frequent manner depending on individual circumstances or market condition. Impairment allowances on individual assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts. Generally, impairment allowances will be provided when clients' collaterals are insufficient to cover their outstanding loan balances.

As at the date of this announcement, the management team of the money lending services consists of two key management personnel, and the overall management oversight is provided by Ms. Lee Nga Ching, who is the executive Director. Further, both of the key management personnel have over ten years of experience in the industry and are primarily responsible for, among others, carrying out, supervising and monitoring the daily money lending activities, reviewing and implementing the company's internal procedure and handling recoverability of all outstanding debts.

Administrative expenses

The Group's administrative expenses decreased by approximately 24.11% from approximately HK\$6.13 million for the six months ended 30 June 2021 to approximately HK\$4.65 million for the six months ended 30 June 2022, primarily due to the decrease in rental expenses.

Employee costs

Employee costs decreased by approximately 2.22% from approximately HK\$5.01 million for the six months ended 30 June 2021 to approximately HK\$4.90 million for the six months ended 30 June 2022.

Finance costs

Finance costs represented interest expense recognised on lease liabilities and debentures. The Group recorded finance costs of approximately HK\$81,000 during the six months ended 30 June 2022 (2021: HK\$75,000).

Profit attributable to the owners of the Company

Profit for the six months ended 30 June 2022 attributable to the owners of the Company dropped to approximately HK\$8.03 million (2021: approximately HK\$10.12 million).

FINANCIAL RESOURCES REVIEW

Liquidity and financial resources

As at 30 June 2022, the Group had current assets of approximately HK\$380.15 million (31 December 2021: approximately HK\$355.74 million) including bank balances and cash of approximately HK\$8.34 million (31 December 2021: approximately HK\$1.80 million). Total assets and total liabilities were approximately HK\$399.49 million (31 December 2021: approximately HK\$381.91 million) and HK\$33.92 million (31 December 2021: approximately HK\$31.65 million) respectively as at 30 June 2022.

The gearing ratio, which is calculated by dividing total interest bearing debt (i.e. debentures) by total equity, was 0.14% as at 30 June 2022 (31 December 2021: 0.29%).

The Directors are of the view that the Group's financial resources are sufficient to support its business and operations.

Capital structure

As at 30 June 2022, total equity attributable to owners of the Company amounted to approximately HK\$365.58 million (31 December 2021: approximately HK\$348.66 million).

Dividend policy

The Group currently does not have a pre-determined dividend payout ratio. Dividends may be paid out by cash or other means that the Group considers appropriate. The declaration and payment of any interim dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to the Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including the operation performance, financial condition, the payment by the subsidiaries of cash dividends to the Group, and other factors the Board may deem relevant. There is no assurance that the Group will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

Details of the dividend are set out in Note 8 to the Interim Financial Statements.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the Reporting Period. To manage liquidity risks, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

Foreign exchange exposure

The Group operates in Hong Kong with transactions denominated in Hong Kong dollars and the Group's financial statements are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. Hence, no financial instrument for hedging was employed.

Significant investment, material acquisitions and disposals

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2021: Nil).

Segment Information

Details of the Group's segment information are set out in Note 3 to the Interim Financial Statements.

Charges on the Group's assets

There was no charge on the Group's assets as at 30 June 2022 (2021: Nil).

Contingent liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities (2021: Nil).

Employee and Remuneration Policies

As at 30 June 2022, the Group had a total of 16 employees (excluding independent non-executive directors) (31 December 2021: 16 employees). For the Reporting Period, the total staff costs, including key management's remuneration, amounted to approximately HK\$4.90 million (2021: approximately HK\$5.0 million). The salaries and benefits of the Group's employees were kept at a market level and employees were rewarded based on performance, merit and market conditions in accordance with the Group's remuneration policy.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks involved in its operations, many of which are beyond its control.

USE OF PROCEEDS

Reference is made to the announcements of the Company dated 16 May 2022, 27 May 2022 and 30 May 2022 respectively in relation to, among other things, the allotment and issuance of 86,400,000 new ordinary shares under the general mandate at a subscription price of HK\$0.08 per subscription share.

The Net Proceeds at the time of its completion on 27 May 2022 were approximately HK\$6,612,000. As at 30 June 2022, the Net Proceeds had been applied as follows:

	Intended use of Net Proceeds	Amount utilised during the six months ended 30 June 2022	Unutilised net proceeds up to 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
i) Potential change of location of the Company's registered office	3,000	—	3,000
ii) Recruiting new staffs, in particular additional staff required for expansion of financial sector business	1,000	82	918
iii) Daily office general and administrative purposes	2,612	1,144	1,468
Total	6,612	1,226	5,386

The expected timeline for the unutilised Net Proceeds is 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATE CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the ordinary shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares held/ Interested	Approximate percentage of shareholding ⁽¹⁾
Mr. Shiu Shu Ming	Interest of a controlled corporation ⁽²⁾	51,400,000	9.92%
	Beneficial owner ⁽³⁾	5,184,000	1.00%
Mr. Lam Shu Chung	Beneficial owner ⁽⁴⁾	5,184,000	1.00%
Ms. Lee Nga Ching	Beneficial owner ⁽⁵⁾	2,592,000	0.5%

Notes

1. There were 518,400,000 Shares in issue as at 30 June 2022.
2. Mr. Shiu Shu Ming (“**Mr. Shiu**”) legally and beneficially owns the entire issued shares of Wealthbase Global Limited and is its sole director. Accordingly, Mr. Shiu is deemed to be interested in the 51,400,000 Shares held by Wealthbase Global Limited by virtue of the SFO.
3. Mr. Shiu is interested in the 5,184,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the share option scheme of the Company (as defined below).

4. Mr. Lam Shu Chung is interested in the 5,184,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Share Option Scheme (as defined below).
5. Ms. Lee Nga Ching is interested in the 2,592,000 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Share Option Scheme (as defined below).

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period, the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save for the share option scheme of the Company which was adopted by way of Shareholder's written resolution passed on 19 December 2013, at no time during the Reporting Period was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares, underlying shares, or debentures of the Company and/or its associated corporations (within the meaning of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as known to the Directors, the following persons/entities (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial Shareholders	Capacity/Nature of Interest	Number of Shares held/ Interested	Approximate percentage of shareholding ⁽¹⁾
Wealthbase Global Limited	Beneficial owner ⁽²⁾	51,400,000	9.92%
Mr. Shiu Shu Ming	Beneficial owner ⁽³⁾	5,184,000	1.00%
	Interest of a controlled corporation ⁽²⁾	51,400,000	9.92%

Notes

1. There were 518,400,000 Shares in issue as at 30 June 2022.
2. Mr. Shiu legally and beneficially owns the entire issued shares of Wealthbase Global Limited and is its sole director. Accordingly, Mr. Shiu is deemed to be interested in the 51,400,000 Shares held by Wealthbase Global Limited by virtue of the SFO.
3. Mr. Shiu is interested in the 5,184,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the share option scheme of the Company (as defined below).

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) has been adopted by way of Shareholder’s written resolution passed on 19 December 2013. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

On 23 June 2022, the Company had granted share options to certain eligible participants to subscribe for a total of 21,144,000 Shares under the Share Option Scheme at the exercise price of HK\$0.094 per Share for a validity period from 23 June 2022 to 22 June 2032 pursuant to the Share Option Scheme.

Details of the above grant of share options are set out in the Company's announcement dated 23 June 2022.

As at 30 June 2022, the total number of shares available for issue under share options granted under the Share Option Scheme was 21,144,000. Movement of share options during the Reporting Period are as below:

Directors	Date of grant	Exercise price	Exercise period	Vesting period	Outstanding at 1 January 2022	Granted during the period	Exercised during the period	Lapsed/ Forfeited during the period	Outstanding at 30 June 2022
Shiu Shu Ming	23 June 2022	HK\$0.094	From 23 June 2022 to 22 June 2032	No	—	5,184,000	—	—	5,184,000
Lam Shu Chung	23 June 2022	HK\$0.094	From 23 June 2022 to 22 June 2032	No	—	5,184,000	—	—	5,184,000
Lee Nga Ching	23 June 2022	HK\$0.094	From 23 June 2022 to 22 June 2032	No	—	2,592,000	—	—	2,592,000
Employees	23 June 2022	HK\$0.094	From 23 June 2022 to 22 June 2032	No	—	8,184,000	—	—	8,184,000
					—	21,144,000	—	—	21,144,000

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving high standard of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 15 of the GEM Listing Rules. Throughout the six months ended 30 June 2022 and up to the date of this announcement, to the best knowledge of the Board, the Company has complied with all the code provisions set out in the CG Code, save for the deviation from code provision C.2.1.

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Company currently has no chairman or chief executive officer. 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 chief executive officer, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors and controlling shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interest in any other companies as at 30 June 2022 which competed or may compete, directly or indirectly, with the Group's business.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the "**Standard of Dealings**"), as the code of conduct regarding Directors' securities transactions in the securities of the Company. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the Standard of Dealings during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with specific terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code for the purpose of reviewing and supervising the Company’s financial reporting and internal control procedures. As at 30 June 2022, the Audit Committee comprised three independent non-executive Directors, namely Mr. Tang Chung Wai, Ms. Chan Man Yi and Mr. Siu Kin Wai, Mr. Siu Kin Wai is the chairman of the Audit Committee.

The Group’s Interim Financial Statements have been reviewed by the Audit Committee, which were of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 12 August 2022

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.orientsec.com.hk.