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**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)

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO THE ANNUAL REPORT AND  
THE ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

Reference is made to the annual report (the “**Annual Report**”) and the results announcement (the “**Results Announcement**”) of Orient Securities International Holdings Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 published by the Company on 29 April 2022.

The board (the “**Board**”) of directors (“**Director(s)**”) of the Company hereby provides the following information to supplement the Annual Report and the Results Announcement, and both of which shall be read in conjunction with the information below.

**1. DETAILS OF THE BUSINESS MODEL OF THE MONEY LENDING BUSINESS**

The Group has operated its money lending business through its wholly-owned subsidiary, Orient Securities Finance Limited (“**OSFL**”), under a Money Lenders License, and in accordance with the provisions of the Money Lenders Ordinance.

Based on its existing business model, OSFL offers loan financings to corporations and/or private individuals which are secured against real estate assets located in Hong Kong or the People’s Republic of China (the “**PRC**”). The real estates accepted by OSFL include residential properties such as apartments, tenement houses and village houses.

*\* For identification purpose only*

In addition, OSFL also offers unsecured personal loans to private individuals which are not secured against any asset or properties. The Group mainly grant such personal loans to borrowers who have not owned any property assets but with stable salary proof, which must be satisfied for approval by its credit committee.

As at the date of this announcement, the credit committee of OSFL comprises 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.

The following table provides a summary of the loan products and the loan size range of OSFL's secured and unsecured loans portfolio which were outstanding as at 31 December 2021:

Loan size	Loan Term	Number of loans			Aggregate value <i>HK\$'000</i>	Renewed Loan	Aggregate value <i>HK\$'000</i>
		Secured Loan	Unsecured Loan	Total			
Under HK\$1,000,000	12 months	1	3	4	804	2	220
HK\$1,000,001-5,000,000	12 months to 24 months	10	—	10	27,575	5	12,258
HK\$5,000,001-10,000,000	12 months to 60 months	22	—	22	157,690	13	95,877
Over HK\$10,000,000	12 months to 60 months	9	—	9	140,034	8	129,629
<b>Total</b>		<b>42</b>	<b>3</b>	<b>45</b>	<b>326,103</b>	<b>28</b>	<b>237,984</b>

## **2. DETAILS OF INTERNAL CONTROL OF THE GROUP'S MONEY LENDING BUSINESS**

To manage the associated credit exposure from the Group's money lending business, the Group has credit assessment and internal control procedures.

### **2.1 Credit approval**

The Group shall complete credit assessment for applicants for its money lending services. In assessing their creditworthiness, the Group 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 insufficient information is provided, the Group may conduct credit search with external agencies to obtain background information and credit history of its client.

The accounting and finance department maintains a record of customer's loan and the repayment dates. The accounts team will also work with the credit administration team to monitor repayment and issue reminders and alerts for overdue instalments, where necessary, and when the loan is near expiry.

### **2.2 Ongoing monitoring of loan recoverability**

During the monitoring stage, the Group's credit risk management department monitors the repayment status of each loan on a monthly basis and is required to report to those charged with governance.

For secured loan, during the loan monitoring process, where the Group notice that the value of the collateral is considered to be insufficient to cover its risk exposure or that the actual loan-to-value ratio with respect to any loan advanced has reached or exceed an accepted ratio, the Group may require the borrower to deposit additional collateral and/or security, partially repay the outstanding loan or realise the value of the collateral in order to bring the loan-to-value ratio back to an accepted level.

For unsecured loan, the credit department should conduct annual review on each loan which remains outstanding and if the Group notice that there is a material deterioration in the client's financial position, the Group may require repayment from its client after reporting to its management who monitor the risk level. In the event that any client fails to respond to the Group's request as mentioned above, the Group may take appropriate legal actions for debts which have been due for a long period.

### 2.3 Loan collection

A summary of its collection process for all loans is detailed below:

<b>Overdue</b>	<b>Action</b>
Within 1 week	OSFL will contact the borrower by telephone with a reminder that they are overdue in their repayment. In the event that the instalment has not been made after the initial reminder, the borrower may be reminded again via telephone or mobile/electronic message
Between 1 to 8 weeks	A letter from OSFL will be sent to the borrower to remind them of the outstanding instalment every two weeks
On the 8th week	OSFL shall instruct its solicitors to send a demand letter to the borrower
On the 12th week	In the event that the borrower has not responded to its requests or cannot be located, OSFL may consider the commencement of legal action and a writ of summons/ originating summons will be sent to the borrower.

The abovementioned credit assessment and internal control procedures shall be conducted by the Group in the same manner when the Group is considering either a new loan or a renewed loan.

### **3. THE CREDIT RISK ASSESSMENT POLICY AND THE UNDERLYING REASONS FOR MOVEMENT IN LOAN IMPAIRMENTS**

The Group's credit risk assessment policy (included the loan renewal) could be further categorised by the nature of secured loan and unsecured loan.

#### **3.1 In respect of the secured loans**

In accordance with the Group's credit risk assessment policy, the size of loans offered to its customers is dependent upon the type of property to be secured (i.e. residential, commercial or other) with reference to the value of the underlying security, or the residual value of the underlying security once any prior securities have been valued and assessed. In majority of cases, the Group grants secured loans with a loan-to-value ratio of no more than 60% of the value in the valuation report of the property.

It is the policy of the Group to review the outstanding amount of each loan at least annually or in a more frequent manner depending on individual circumstances or market condition. The Group shall engage independent professional valuer to conduct valuations on the secured properties in its loan portfolio at the end of each financial year. Such valuations are compared against the valuations of the secured properties as determined on the date of loan approval which enables the Group to monitor, on an individual basis, the credit risk across the entire loan portfolio. Such procedures also facilitate the Group's assessment of provision for impairment assessment of loans and interest receivable.

#### **3.2 In respect of the unsecured loans**

Similar to that of the secured loan as mentioned above, the Group should conduct annual review on each unsecured loan which remains outstanding and if the Group notices that there is a material deterioration in the borrower's financial position, the Group may require repayment from its client after reporting to its management who monitor the risk level.

In the event the borrower does not make the payment on schedule or there exists any unsecured loan account overdue for over 3 months, such loan shall be classified as doubtful or non-performing and impairment allowance on individual assessment shall be made.

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 and/or any default on loan principal or interest receivables.

#### **4. DETAILS OF THE RENEWAL OF THE RENEWED LOANS**

During the year 2021, the Group received 28 applications for loan renewals, equivalent to approximately HK\$238 million in value, all of which were successfully approved and renewed.

Among the successful renewed loans, all of it had been expired during the year and the borrower had expressed its intention to renew the loan. Based on this, the management of the Group had gone through the credit assessment procedures below in accordance with its loan renewal policy before entering into of the loan renewal agreement.

Typically, when a loan principal is expected to mature within one month, the Group will contact and notify the borrower that such loan is due to mature. In the event that the borrower intends to renew their loans and in order to determine whether such loan may be renewed, the Group shall conduct a review and assessment of the borrower as well as the secured property in the same manner as the Group would consider a new loan.

Prior to the approval process, the Group shall request verbal estimates of valuations from independent professional valuer and forward the initial renewal application together with the valuation estimates to the credit committee for review. Once the preliminary approval has been obtained, the borrower will be notified and the relevant loan documentation will be sent to them.

As the borrower has already secured the property with the Group, the Group may not carry out any additional or further physical inspection of the secured property. Once the committee has approved the renewal application, the borrower shall sign the renewal agreements.

In addition, the Group had also considered, amongst other factors, the borrower's repayment history under the existing loans (and in particular whether there were any instances of delay or default), and whether there have been any material changes to the property secured to the Group.

The above additional information does not affect other information contained in the Annual Report and the Results Announcement and the content of the Annual Report and the Results Announcement remains unchanged.

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

Hong Kong, 31 August 2022

*As at the date of this announcement, the Board comprises (i) Mr. Shiu Shu Ming and Ms. Lee Nga Ching as the executive Directors; and (ii) Mr. Siu Kin Wai, Mr. Tang Chung Wai and Ms. Chan Man Yi as the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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.*

*This announcement will remain on the "Latest Listed Company Information" page of the GEM website at [www.hkgem.com](http://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](http://www.orientsec.com.hk).*