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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)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

References are made to (i) the interim report of Orient Securities International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 September 2023 published by the Company on 13 November 2023 (the “**Interim Report**”); and (ii) the interim results announcement of the Company for the six months ended 30 September 2023 published by the Company on 7 November 2023 (the “**Interim Results Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Interim Report.

The Company noticed that there has been a misclassification (the “**Misclassification**”) of assets in the condensed consolidated statement of the financial position of the Group as at 30 September 2023 (the “**Interim Financial Position**”). Therefore, the Company wishes to clarify the correct classification of such items in the Interim Financial Position as presented in the Interim Report and the Interim Results Announcement.

THE MISCLASSIFICATION

As disclosed in the Interim Report and the Interim Results Announcement, as of 30 September 2023, the Group’s prepayments, deposits and other receivables amounted to approximately HK\$53,582,000. Out of such amount, HK\$50 million is related to an assignment of loan receivables from the Group to Harvest Year Developments Limited (“**Harvest Year**”) for the IT Subcontracting Services (as defined below).

* For identification purpose only

The IT Subcontracting Services

On 20 June 2023, Orient Securities IT Services Limited (“**Orient IT**”), being a non-wholly owned subsidiary of the Company, and Harvest Year entered into a master services subcontract agreement (the “**Agreement**”). According to the Agreement, Harvest Year shall provide all necessary labour, tools, software, machinery, equipment and other items and services for the performance of the sequencing activities relating to the provision of information technology (IT) infrastructure and development solutions services undertaken by Orient IT to its client (the “**IT Subcontracting Services**”) under specific service contracts.

In consideration of Harvest Year agreeing to perform the IT Subcontracting Services, Orient IT agrees to pay part of the service charge (as determined in each service contract) received from its client to Harvest Year as the service fees.

To secure the Agreement, Orient IT has paid Harvest Year a refundable prepayment of HK\$50 million (the “**Prepayment**”), which was settled by assigning a portfolio of the Group’s loan receivables with an aggregate principal amount and accrued interest of the same value (the “**Loan Receivables**”). It was agreed that once Orient IT receives the service charges from its clients, Orient IT will transfer the equivalent amount of the Loan Receivables to Harvest Year on a dollar-to-dollar basis.

As at the date of this announcement, no service order has been placed by Orient IT with Harvest Year for the IT Subcontracting Services, therefore, no Loan Receivables have been assigned to Harvest Year.

Accounting treatment of the Prepayment

As disclosed in the Interim Report and the Interim Results Announcement, as of 30 September 2023, the Loan Receivables have been de-recognised from the Interim Financial Position as loan receivables and recognised as prepayment.

However, following consultation with the Company’s auditor and a review of the accounting standards regarding the assignment of the Loan Receivables, it has been concluded that the Agreement is only a framework agreement and the Prepayment is refundable. The Prepayment will be recognised as a cost of sales when the IT Subcontracting Services are utilised by the Group through a separate sales order committed between Orient IT and Harvest Year. As of 30 September 2023, the Group has not transferred the contractual rights to receive the cash flows of the Loan Receivables to Harvest Year. Additionally, the credit risk associated with the Loan Receivables still lies with the Group. Therefore, the applicable accounting standards for derecognition of a financial asset have not been met, and it is not appropriate for the Loan Receivables to be classified as prepayment.

In light of the above, the Company would like to clarify that as of 30 September 2023, the Loan Receivables have not yet been disposed of. The Company would like to present the correct classification of the Loan Receivables in the Interim Financial Position as presented in the Interim Report and the Interim Results Announcement. Please find below the revised Interim Financial Position with the corresponding corrections underlined:

Condensed Consolidated Statement of Financial Position

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
ASSETS AND LIABILITIES		
NON-CURRENT ASSETS		
Property, plant and equipment	974	1,466
Other assets	405	430
Loan and interest receivables	<i>Note</i> <u>70,505</u>	15,404
Deferred tax assets	334	334
	<u>72,218</u>	<u>17,634</u>
CURRENT ASSETS		
Trade receivables	19,276	18,716
Loan and interest receivables	<i>Note</i> <u>156,061</u>	207,220
Prepayments, deposits and other receivables	<u>3,582</u>	1,015
Trust bank balances held on behalf of clients	10,929	8,903
Cash and cash equivalents	<u>3,648</u>	5,769
	<u>193,496</u>	<u>241,623</u>
CURRENT LIABILITIES		
Trade payables	11,973	9,660
Accruals and other payables	6,517	3,091
Lease liabilities	602	732
Tax payables	<u>9,136</u>	9,736
	<u>28,228</u>	<u>23,219</u>
NET CURRENT ASSETS	<u>165,268</u>	<u>218,404</u>
Total assets less current liabilities	<u>237,486</u>	<u>236,038</u>
Non-current liabilities		
Lease liabilities	–	233
NET ASSETS	<u>237,486</u>	<u>235,805</u>

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
EQUITY		
Equity attributable to owners of the Company		
Share capital	6,221	6,221
Reserves	<u>231,265</u>	<u>229,584</u>
TOTAL EQUITY	<u>237,486</u>	<u>235,805</u>

Note:

Notes to the Consolidated Financial Statements

LOAN AND INTEREST RECEIVABLES

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Money lending services		
Loan receivables	<u>246,085</u>	248,099
Interest receivables	<u>125,888</u>	<u>119,932</u>
Total loan and interest receivables, gross	<u>371,973</u>	368,031
Less: Provision on loan and interest receivables	<u>(145,407)</u>	<u>(145,407)</u>
	<u>226,566</u>	222,624
Less: Portion due within one year included under current assets	<u>(156,061)</u>	<u>(207,220)</u>
Non-current portion included under non-current assets	<u>70,505</u>	<u>15,404</u>

As at 30 September 2023, the Group had current assets of approximately HK\$193,496,000 (31 March 2023: approximately HK\$241,623,000) including bank balances and cash of approximately HK\$3,648,000 (31 March 2023: approximately HK\$5,769,000). Total assets and total liabilities were approximately HK\$265,714,000 (31 March 2023: approximately HK\$259,257,000) and HK\$28,228,000 (31 March 2023: approximately HK\$23,452,000) respectively as at 30 September 2023.

The current ratio, being ratio of current assets to current liabilities, was approximately 6.85 times as at 30 September 2023 (31 March 2023: 10.41 times).

The information contained in this clarification announcement does not affect the other information contained in the Interim Report and the Interim Results Announcement. Save as disclosed in this announcement, all the other information and contents in the Interim Report and the Interim Results Announcement remain unchanged.

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

Hong Kong, 30 November 2023

As at the date of this announcement, the Board comprises (i) Mr. Shiu Shu Ming, Ms. Lee Nga Ching and Ms. Suen Tin Yan as the executive Directors; and (ii) Mr. Siu Kin Wai, Ms. Chan Man Yi and Mr. Cheng Ching Fu 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 Stock Exchange’s website at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company’s website at www.orientsec.com.hk.