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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

Financial Adviser to the Company



Diligent Capital Limited

Placing Agent to the Company



Orient Securities Limited

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$7.46 million before expenses by way of the Rights Issue of 62,208,000 Rights Shares at the Subscription Price of HK\$0.1200 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

* For identification purpose only

Assuming that there will be no change to the total issued share capital of the Company on or before the Record Date and full acceptance of the Rights Issue, the maximum gross proceeds and net proceeds from the Rights Issues (after deducting the estimated expenses) are estimated to be approximately HK\$7.46 million and HK\$7.23 million, respectively.

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the then existing Shares in issue. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50.00%, the Rights Issue is not subject to the Shareholders' approval under the GEM Listing Rules. The Rights Issue will be carried out in compliance with Rule 10.31(1)(b) of the GEM Listing Rules.

GENERAL

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders.

The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$7.46 million before expenses by way of the Rights Issue of 62,208,000 Rights Shares at the Subscription Price of HK\$0.1200 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be available to Non-Qualifying Shareholders.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Further details of the Rights Issue are set out below:

Issue statistics

| | |
|-----------------------------------|---|
| Basis of the Rights Issue: | One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date |
| Subscription Price: | HK\$0.1200 per Rights Share |

| | |
|---|--|
| Net price per Rights Share (Subscription Price less cost and expenses incurred in the Rights Issue): | Approximately HK\$0.1162 per Rights Share |
| Number of Shares in issue as at the date this announcement: | 124,416,000 Shares |
| Number of Rights Shares: | Up to 62,208,000 Rights Shares (assuming there is no change to the total issued share capital of the Company on or before the Record Date) |
| Gross proceeds from the Rights Issue: | Up to approximately HK\$7.46 million before expenses (assuming there is no change to the total issued share capital of the Company on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders) |

Assuming there is no change to the total issued capital of the Company on or before the Record Date, 62,208,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 50% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.33% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon Completion.

As at the date of this announcement, there are outstanding share options entitling the holders thereof to subscribe for up to an aggregate of 3,192,000 existing Shares under the share option scheme adopted by the Company on 19 December 2013. Save as disclosed, the Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the date of this announcement.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date: (i) be registered on the registers of members of the Company; and (ii) not be the Non-Qualifying Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on Wednesday, 13 September 2023.

Closure of register of members

The register of members will be closed from Thursday, 14 September 2023 to Wednesday, 20 September 2023 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

Subscription Price

The Subscription Price of HK\$0.1200 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 50.82% to the closing price of HK\$0.2440 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 52.19% to the average closing price of HK\$0.2510 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 52.10% to the average closing price of approximately HK\$0.2505 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 40.42% to the theoretical ex-rights price of approximately HK\$0.2014 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.2440 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 17.47%, which is calculated based on the theoretical diluted price of approximately HK\$0.2081 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement); and
- (vi) a discount of approximately 93.67% to the audited net asset value per Share of approximately HK\$1.8953 based on the latest audited consolidated net asset value of the Group of approximately HK\$235,805,000 as at 31 March 2023 and the number of Shares in issue as at the date of this announcement (i.e. 124,416,000 Shares).

The Subscription Price was arrived at after arm's length negotiation with reference to, among other things, the prevailing market price of the Shares and the financial conditions of the Group.

As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (excluding the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account of either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The basis for excluding the Non-Qualifying Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, if possible, be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

No fractional entitlement

On the basis of the entitlement to subscribe one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise from the Rights Issue.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 6,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty, (ii) the Stock Exchange trading fee, (iii) SFC transaction levy and (iv) any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 6 November 2023.

If the Rights Issue does not become unconditional, refund cheques are expected to be despatched on or before Monday, 6 November 2023 by ordinary post at the respective Shareholders' own risk.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

The legal adviser of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26 of the GEM Listing Rules.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

On 6 September 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent places on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 26 October 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

The Placing Agreement

Principal terms of the Placing Agreement are summarized as below.

| | | |
|--------------------|---|---|
| Date | : | 6 September 2023 |
| Issuer | : | The Company |
| Placing Agent | : | Orient Securities Limited (being a wholly-owned subsidiary of the Company) |
| Placing Period | : | The period from 13 October 2023 up to 4:00 p.m. on 26 October 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements. |
| Placing Price | : | The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process. |
| Placing commission | : | Subject to the completion of the Placing, the Company shall pay the Placing Agent a placing commission, being 0.5% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent. |
| Placees | : | The Placing Agent shall procure that not less than six placees will take up the Placing Shares. The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. |

Ranking of the Unsubscribed Rights Shares : The placed Unsubscribed Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such conditions being unable or fail to fulfil. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

Termination : If any of the following events occur at any time prior to 6:00 p.m. on the first Business Day after the last day of the Placing Period (the “**Placing Long Stop Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or

- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Unsubscribed Arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The terms of the Placing Agreement, including the placing commission, were determined after an arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Unsubscribed Arrangements as required by Rule 10.31(1)(b) of the GEM Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions:

- (1) the delivery to the Stock Exchange and the filing and registration with the Company Registry of Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having being approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;

- (2) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (3) the grant of listing of the Rights Shares by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil paid Rights and the Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked);
- (4) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect; and
- (5) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the conditions referred to above are not fulfilled at or before 5:00 p.m. on Monday, 30 October 2023 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The net proceeds of the Rights Issue are estimated to be up to approximately HK\$7.23 million after the deduction of all estimated expenses (assuming full acceptance of the Rights Issue and assuming that no new Shares will be allotted or issued on or before the Record Date).

The Directors consider fund-raising for additional working capital is key. As disclosed in the annual report of the Company for the fifteen months ended 31 March 2023 (the “**Annual Report**”), the Group continued to experience a challenging operating environment in view of the impact from the COVID-19 pandemic. While the Group was not immune to the impact of these, the Group’s financial service business was suffered.

As at 31 March 2023, the audited cash and cash equivalents of the Group amounted to approximately HK\$5,769,000 and the current liabilities of the Group amounted to approximately HK\$23,219,000.

The above challenging operational environment had led to ongoing cash net outflow of the Group. Therefore, the Directors consider it prudent and in the interests of the Company and the Shareholders as a whole to raise additional funds of approximately HK\$7.23 million, which the Company intends to utilise as follows:

- (a) approximately HK\$2.00 million, approximately 27.67% of the total net proceeds from the Rights Issue, for repayment of the Group's outstanding tax liabilities;
- (b) approximately HK\$3.00 million, approximately 41.51% of the total net proceeds from the Rights Issue, for settlement of the Group's accrued legal and professional fees and rental expenses; and
- (c) the remaining balance of approximately HK\$2.23 million, approximately 30.82% of the total net proceeds from the Rights Issue, for general working capital of the Group.

In the event that the proceeds raised by the Rights Issue or Placing is less than the aforesaid estimated net proceeds of approximately HK\$7.23 million, the Company will further evaluate options including amongst others, exploring other financing and/or fund-raising alternatives.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.

Business plan of the Group

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 its clients with a wide range of financial services.

During the fifteen months ended 31 March 2023, the Group recorded an impairment loss on margin finance loans and loans receivable of approximately HK\$149.56 million, which aligns with the deteriorating market environment and expectation. With the persistent slow-down of the local economy, the uncertainty of the investment climate, and the risk of its difficulties in recovering certain debts, the Board has resolved to scale down but continue the Group’s money lending business by focusing on the existing loan arrangement and recovering from those outstanding debts.

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 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. To reach 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, the Directors intend to identify potential targets with particular priority given to those with an established network of clients and a number of deals in the pipeline, which the Group could immediately capitalise on. The Group expects that through the potential acquisition, it could leverage 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 to the development of the Type 9 (asset management) regulated activity, the Group has recruited experienced responsible officers licensed under the SFO to ensure that it has sufficient staff with appropriate levels of knowledge, skills and experience to provide the services. Further, the Group launched an open-ended fund, namely Orient Global Master SPC, in August 2022. It is the objective of Orient Global Master SPC to invest in a portfolio consisting primarily of equities, bonds, and other securities of companies in promising industries with excellent management, business models, products, and sound financials for long-term sustainable growth. It is currently intended that this fund will target high net-worth investors and institutional investors seeking steady income and seed money will also be invested into such fund when new capital is available to the Group.

The Board intends to continue the Group's existing business, which includes the financial services business and the money lending business, and save as the scale down of the Group's money lending business as mentioned above, as at the date of this announcement, the Group has no intention to dispose of, terminate or scale down its existing business.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the date of this announcement:

| Date of relevant announcements | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|---------------------------------------|---|---------------------|--|---|
| 1 November 2022 and 16 November 2022 | Placing of new shares under general mandate | HK\$4.25 million | General working capital of the Group and/or any investment opportunities as identified by the Group from time to time. | Fully utilised as intended. |

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the proposed Rights Issue which are for illustrative purpose only.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date:

| | As at the date of this announcement | | Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full | | Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full (Note 2) | |
|------------------------------------|-------------------------------------|---------------|--|---------------|---|---------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| | | | | | | |
| Wealthbase Global Limited (Note 1) | 10,280,000 | 8.26 | 15,420,000 | 8.26 | 10,280,000 | 5.51 |
| Placees | – | – | – | – | 62,208,000 | 33.33 |
| Other public Shareholders | 114,136,000 | 91.74 | 171,204,000 | 91.74 | 114,136,000 | 61.16 |
| Total | 124,416,000 | 100.00 | 186,624,000 | 100.00 | 186,624,000 | 100.00 |

Notes:

1. There are 10,280,000 shares were registered in the name of Wealthbase Global Limited. Mr. Shiu Shu Ming, who is the executive Director holds 100% interest in Wealthbase Global Limited, a company incorporated in Hong Kong with limited liability.
2. This scenario is for illustrative purpose only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The Company will take all appropriate steps to ensure that sufficient public float be maintained in compliance with Rule 11.23 of the GEM Listing Rules.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue and the Placing set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue and the Placing will be fulfilled.

| Events | Date and Time |
|--|--|
| Publication of this announcement on the websites of the Stock Exchange and the Company | Wednesday, 6 September 2023 |
| Last day of dealings in the Shares on a cum-rights basis | Monday, 11 September 2023 |
| First day of dealings in the Shares on an ex-right basis relating to the Rights Issue | Tuesday, 12 September 2023 |
| Latest time for lodging transfers of Shares in order to qualify for the Rights Issue. | 4:30 p.m. on Wednesday, 13 September 2023 |
| Closure of register of members of the Company for determination of entitlements to the Rights Issue (both dates inclusive) | Thursday, 14 September 2023 to Wednesday, 20 September 2023 |
| Record Date for the Rights Issue | Wednesday, 20 September 2023 |
| Register of members of the Company re-opens | Thursday, 21 September 2023 |
| Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only | Thursday, 21 September 2023 |
| First day of dealings in nil-paid Rights Shares | Monday, 25 September 2023 |
| Latest time for splitting of PAL. | 4:30 p.m. on Wednesday, 27 September 2023 |
| Last day of dealings in nil-paid Rights Shares | Tuesday, 3 October 2023 |
| Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain | 4:00 p.m. on Friday, 6 October 2023 |

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|---|--|
| Latest time for acceptance and payment for the Rights Shares. | 4:00 p.m. on Friday, 6 October 2023 |
| Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements | Thursday, 12 October 2023 |
| Commencement of the placing of Unsubscribed Rights Shares by the Placing Agent | Friday, 13 October 2023 |
| Placing Long Stop Date. | Friday, 27 October 2023 |
| Announcement of the allotment results of the Rights Issue to be published on the websites of the Stock Exchange and the Company | Friday, 3 November 2023 |
| Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place | Monday, 6 November 2023 |
| Despatch of refund cheques, if any, if the Rights Issue is terminated. | Monday, 6 November 2023 |
| Commencement of dealings in fully-paid Rights Shares | 9:00 a.m. on Tuesday, 7 November 2023 |
| Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any) | Monday, 13 November 2023 |

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no.8 or above, or “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50.00%, the Rights Issue is not subject to the Shareholders’ approval under the GEM Listing Rules. The Rights Issue will be carried out in compliance with Rule 10.31(1)(b) of the GEM Listing Rules.

GENERAL

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders.

The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL- PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholding in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|-----------------------|---|
| “acting in concert” | has the same meaning ascribed thereto under the Takeovers Code |
| “associate(s)” | has the meaning ascribed thereto under the GEM Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Company” | Orient Securities International Holdings Limited* (東方滙財證券國際控股有限公司), a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8001) |
| “Companies Ordinance” | the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time) |

* *For identification purpose only*

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| “Compensatory Arrangements” | the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules |
| “Completion” | completion of the Rights Issue and the Placing |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “GEM” | GEM of the Stock Exchange |
| “GEM Listing Committee” | has the meaning as defined in the GEM Listing Rules |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “HK\$” or “HKD” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and any of its connected persons or any of their respective associates |
| “Last Trading Day” | 6 September 2023, being the last trading day for the Shares on the Stock Exchange immediately prior to the date of this announcement |
| “Latest Time for Acceptance” | 4:00 p.m. on 6 October 2023 (or such other time or date as may be determined by the Company), being the latest time for acceptance of the offer of and payment for, the Rights Shares, as described in the Prospectus Documents |

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| “Net Gain” | the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Unsubscribed Arrangements |
| “No Action Shareholders” | those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be) |
| “Non-Qualifying Shareholder(s)” | the Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account of either restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place |
| “Overseas Letter” | a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue |
| “Overseas Shareholders” | the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong |
| “PAL(s)” | the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Placee(s)” | professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement |
| “Placing” | the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement |

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| “Placing Agent” | Orient Securities Limited, a wholly-owned subsidiary of the Company and a licensed corporation carrying out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement |
| “Placing Agreement” | the placing agreement dated 6 September 2023 (after trading hours of the Stock Exchange) entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Rights Shares |
| “Placing Long Stop Date” | 27 October 2023, or such other date as may be agreed between the Company and the Placing Agent as the latest date for placing, and payment for, the Unsubscribed Rights Shares under the Placing Agreement |
| “Placing Period” | the period from 13 October 2023 up to 26 October 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements |
| “Placing Price” | the placing price of the unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process |
| “Posting Date” | 21 September 2023 or such other date as the Company may announce, being the date of despatch of the Prospectus Documents |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Prospectus” | the prospectus to be despatched to the Shareholders by the Company containing details of the Rights Issue |
| “Prospectus Documents” | collectively, the Prospectus and the PAL |

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| “Qualifying Shareholders” | Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s) |
| “Record Date” | 20 September 2023, or such other date as the Company may announce, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined |
| “Registrar” | the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| “Rights Issue” | the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents |
| “Rights Share(s)” | Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being 62,208,000 Shares based on the Company’s issued share capital as at the date of this announcement |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.05 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the issued Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.1200 per Rights Share |
| “substantial shareholder” | has the meaning as ascribed to it under the GEM Listing Rules |

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|------------------------------|--|
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Unsubscribed Arrangements” | arrangements to place the Unsubscribed Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 10.31(1)(b) of the GEM Listing Rules |
| “Unsubscribed Rights Shares” | those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be) |
| “%” | per cent. |

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

Hong Kong, 6 September 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 and Ms. Chan Man Yi as the independent non-executive Directors.