REORIENT GROUP LIMITED
瑞東集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of REORIENT GROUP LIMITED (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012, together with the comparative figures for the corresponding period in 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
Turnover	*3*	**46,796**	22,207
Other operating income		**1,186**	1,260
Other net gain	*5*	**1,117**	30,011
		49,099	53,478
Staff costs	*6(b)*	**(101,780)**	(22,487)
Depreciation		**(2,424)**	(1,357)
Other operating expenses	*6(c)*	**(40,887)**	(37,370)
Loss from operations		**(95,992)**	(7,736)
Finance costs	*6(a)*	**(315)**	(1,066)
Loss before taxation	*6*	**(96,307)**	(8,802)
Income tax	*7*	**—**	—
Loss for the year		**(96,307)**	(8,802)
Loss attributable to equity shareholders of the Company		**(96,068)**	(8,802)
Loss attributable to non-controlling interests		**(239)**	—
Loss per share attributable to equity shareholders of the Company			
Basic and diluted (cents)	*9*	**(24.99) cents**	(7.35) cents

Details of dividend payable to shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Loss for the year	**(96,307)**	(8,802)
Other comprehensive income for the year:		
Exchange differences arising on translation of results of foreign operations	**213**	—
Total comprehensive income for the year	**(96,094)**	(8,802)
Total comprehensive income for the year attributable to:		
— equity shareholders of the Company	**(95,953)**	(8,802)
— non-controlling interests	**(141)**	—
	(96,094)	(8,802)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	**2012** **HK$'000**	2011 *HK$'000*
Non-current assets			
Fixed assets		**6,897**	8,920
Other non-current assets		**735**	430
Total non-current assets		**7,632**	9,350
Current assets			
Accounts receivable	*10*	**198,514**	10,076
Other receivables, deposits and prepayments		**14,657**	3,717
Bank balance — trust and segregated accounts		**41,713**	50,355
Cash and cash equivalents		**149,271**	245,859
Total current assets		**404,155**	310,007
Current liabilities			
Accounts payable	*11*	**235,671**	55,131
Accrued expenses and other payables		**9,457**	7,202
Amounts due to directors		**504**	763
Total current liabilities		**245,632**	63,096
Net current assets		**158,523**	246,911
Total assets less current liabilities		**166,155**	256,261
EQUITY			
Share capital	*12*	**3,845**	3,845
Reserves		**156,463**	252,416
		160,308	256,261
Non-controlling interests		**5,847**	—
TOTAL EQUITY		**166,155**	256,261

Notes:

1. General information

REORIENT GROUP LIMITED ("the Company") is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Suites 1101-03, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group are securities brokering, underwriting and placements, and provision of consultancy and advisory services.

The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are effective or available for early adoption for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements for the current and prior accounting periods:

Amendments to HKFRS 7, *Financial instruments: Disclosure — Transfer of financial assets*

The Group has not applied any new standards or interpretations that are not yet effective for the current accounting period (see note 14).

The impacts of the above development are discussed below:

Amendments to HKFRS 7, *Financial instruments: Disclosures*

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2012 comprise those of the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Turnover

The principal activities of the Group are securities brokering, underwriting and placements, and provision of consultancy and advisory services.

Turnover represents the brokerage commission from securities brokering, advisory and consultancy fee income and interest income as follows:

	2012	2011
	HK$'000	*HK$'000*
Brokerage commission	**34,179**	9,611
Consultancy and advisory fee	**12,484**	8,910
Placing, underwriting and sub-underwriting commission	**—**	3,538
Interest income from clients	**133**	148
	46,796	22,207

4. Segment reporting

The operating segments have been determined based on the reports reviewed by the executive directors of the Company that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has three operating segments:

(i) securities brokerage;

(ii) securities underwriting and placements; and

(iii) consultancy and advisory services.

The accounting policies and the basis of segmentation of the reportable segments are the same as those followed by the Group in the last annual financial statements.

Segment revenue represents the revenue generated by each operating segment from external customers. Inter-segment revenue represents inter-segment services which were transacted with reference to the normal commercial price made to third parties at the then prevailing market prices.

Segment results represent specific operating performance of the reported segments by allocating all specific and related operating costs, excluding other corporate, general administrative, and financial expenses, taxation and non-operating costs. This is the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

In the prior year, the segment profit represented the profit earned by the segment without allocation of general and administrative staff costs, gain on restructuring, other central administrative costs, other income, finance costs, depreciation, and taxation. This was the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

(a) Segment revenue and results

	2012			
	Securities brokerage *HK$'000*	**Securities underwriting and placements** *HK$'000*	**Consultancy and advisory services** *HK$'000*	**Total** *HK$'000*
Revenue	**34,312**	**—**	**12,484**	**46,796**
Elimination of inter-segment revenue	**—**	**—**	**—**	**—**
Consolidated revenue	**34,312**	**—**	**12,484**	**46,796**
Reportable segment loss	**(63,559)**	**(2,856)**	**(3,828)**	**(70,243)**
Other income				**2,303**
Unallocated staff costs				**(17,079)**
Depreciation for the year				**(1,655)**
Finance costs				**(7)**
Legal and professional expenses				**(5,454)**
Other central administrative costs				**(4,172)**
Loss for the year				**(96,307)**

	2011			
	Securities brokerage *HK'000*	Securities underwriting and placements *HK$'000*	Consultancy and advisory services *HK$'000*	Total *HK$'000*
Revenue	9,759	4,040	8,910	22,709
Elimination of inter-segment revenue	—	(502)	—	(502)
Consolidated revenue	9,759	3,538	8,910	22,207
Reportable segment profit	3,812	2,519	6,662	12,993
Other income				1,260
Gain on restructuring				30,011
Unallocated staff costs				(13,270)
Depreciation for the year				(1,357)
Finance costs				(1,066)
Legal and professional expenses				(20,549)
Other central administrative costs				(16,824)
Loss for the year				(8,802)

(b) Segment assets and liabilities

As the assets and the liabilities are regularly reviewed by the executive directors of the Group as a whole, the measure of total assets and liabilities by operating segment is therefore not presented.

(c) Geographical segment information

The Group's operation and administration are mainly located in Hong Kong.

(d) Information about major customers

	2012	2011
	HK$'000	*HK$'000*
Customer A	**9,545**	N/A[1]
Customer B	**N/A[2]**	4,000
Customer C	**N/A[2]**	2,944
Customer D	**N/A[2]**	2,306

1. The transactions with these customers did not account for more than 10% of the total revenue of the Group for the year ended 31 December 2011.

2. The transactions with these customers did not account for more than 10% of the total revenue of the Group for the year ended 31 December 2012.

5. Other net gain

	2012	2011
	HK$'000	*HK$'000*
Gain on restructuring	—	30,011
Others	**1,117**	—
	1,117	30,011

6. Loss before taxation

Loss before taxation is arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expense on		
— Bank loans	**34**	—
— Others	**281**	1,066
	315	1,066
(b) Staff costs		
Directors' emoluments	**20,936**	4,088
Other staff costs		
— Commission paid	**124**	127
— Salaries, allowances and benefits in kind	**80,125**	18,045
— Contributions to Mandatory Provident Fund	**595**	227
	101,780	22,487
(c) Other operating expenses		
Auditors' remuneration	**1,000**	630
Legal costs — net	**185**	17,017
Other professional costs	**7,305**	3,532
Operating lease payments — property rentals	**5,413**	3,379
Ex-liquidators' remuneration	—	406
Information, data and communication expenses	**10,822**	4,635
Provision for impairment loss	**289**	—
Net exchange loss	**901**	30

7. Income tax

No provision for Hong Kong profits tax was made for both years as the Group either had no assessable profits arising in Hong Kong or the assessable profits were wholly absorbed by tax losses brought forward for the current and prior years.

8. Dividends

No dividend was paid or proposed for the year ended 31 December 2012 (2011: nil), nor has any dividend been proposed since the end of the reporting period.

9. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2012 of $96,068,000 (2011: $8,802,000), and the weighted average number of shares in issue during the year ended 31 December 2012 of 384,494,527 (2011: 119,772,773).

There were no potential dilutive ordinary shares for the year ended 31 December 2012 and 2011, therefore basic loss per share equals diluted loss per share.

10. Accounts receivable

	2012	2011
	HK$'000	*HK$'000*
Accounts receivable arising from securities brokerage:		
— Cash clients	**35,435**	7,120
— Margin clients	**26,124**	26,124
— Clearing house, brokers and dealers	**161,831**	312
	223,390	33,556
Accounts receivable arising from advisory and consultancy services		
— Corporate clients	**1,692**	2,799
	225,082	36,355
Less: allowance for doubtful debts	**(26,568)**	(26,279)
	198,514	10,076

(a) Ageing analysis of accounts receivable

The ageing analysis of accounts receivable net of allowance for doubtful debts as of the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**196,676**	7,702
Less than 1 month past due	**1,728**	1,022
1 to 3 months past due	**110**	572
More than 3 months past due	**—**	780
Amounts past due	**1,838**	2,374
	198,514	10,076

The Group has procedures and policies to assess the client's credit quality and defines credit limits for each client. All client acceptance and credit limit are approved by designated approvers according to the client's credit worthiness.

(b) *Accounts receivable which are past due but not impaired*

Included in the Group's accounts receivable balances are debtors with an aggregate carrying amount of HK$1,838,000 (2011: HK$2,374,000) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss.

Accounts receivable from cash clients which are past due but not impaired represent client trades on the Stock Exchange which are unsettled beyond the settlement date. No impairment loss was provided for these balances as the Group holds securities collateral for those balances with fair values over the past due amounts. Collaterals held against such accounts receivable are publicly traded securities.

Accounts receivable from corporate clients which are past due but not impaired represent accounts receivable arising from provision of corporate finance, consultancy and advisory services which have not yet been settled and aged by their invoice date. No impairment loss was provided for these balances as these clients are trade counterparties with sound credit rating and/or reputation, and normally settle the outstanding balances within one to two months from the date of invoice.

(c) *Impairment of accounts receivable*

The Group has a policy for allowance for doubtful debts which is based on the evaluation of collectability, ageing analysis of accounts and management's judgment including the creditworthiness, collaterals and the past collection history of each client.

The movement of the allowance for doubtful debts during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
As at 1 January	**26,279**	26,282
Impairment loss recognised	**289**	—
Amount recovered during the year	**—**	(3)
As at 31 December	**26,568**	26,279

Included in the allowance for doubtful debts were individually impaired accounts receivable which have financial difficulties in making payments. Among the allowance for doubtful debts, approximately HK$26,124,000 (2011: HK$26,121,000) relates to individually impaired margin clients accounts receivable while HK$444,000 (2011: HK$158,000) relates to individually impaired accounts receivable arising from the business of dealing in securities.

The Group ceased providing margin financing service since 2004 and the balance represented the past due amounts due from margin clients brought forward from 2004.

11. Accounts payable

	2012	2011
	HK$'000	*HK$'000*
Accounts payable		
— Cash clients	**215,193**	53,154
— Clearing house, brokers and dealers	**20,478**	1,977
	235,671	55,131

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities, which amount to HK$41,713,000 (2011: HK$50,355,000).

All of the accounts payable are aged and due within one month or on demand.

12. Share capital

Authorised and issued share capital

	2012		2011	
	No. of shares	**Nominal value**	No. of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised				
As at 1 January	**2,000,000**	**20,000**	2,000,000	400,000
Share consolidation	—	—	(1,960,000)	—
Capital reduction and cancellation	—	—	(9,129)	(399,691)
Increased in authorised share capital	—	—	1,969,129	19,691
As at 31 December	**2,000,000**	**20,000**	2,000,000	20,000
Issued and fully paid				
As at 1 January	**384,494**	**3,845**	1,543,507	308,701
Capital reorganization	—	—	(1,512,637)	(308,392)
Subscription of ordinary shares	—	—	128,226	1,282
Placement of ordinary shares	—	—	67,000	670
Conversion of convertible notes to ordinary shares	—	—	158,398	1,584
As at 31 December	**384,494**	**3,845**	384,494	3,845

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. Events after the reporting period

There were no significant subsequent events after the end of the reporting period up to the date of approval of the financial statements.

14. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 12, *Disclosure of interests in other entities*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKAS 27, *Separate financial statements* (2011)	1 January 2013
Revised HKAS 19, *Employee benefits*	1 January 2013
Annual Improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKFRS 7, *Financial instruments: Disclosures — Disclosures — Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to HKAS 32, *Financial instruments: Presentation — Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of assessing the expected impact of these amendments in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business Review

Overall Performance

Year 2012 was the first full year of trading and operations after the resumption of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited in August 2011. During the year, the Group has devoted significant amount of time, effort, investment and costs in the bolstering and expansion in the business and operational infrastructure and platforms of its institutional brokerage business. We are pleased in that we have succeeded in shortening the timeframe required to reach its current stage of business and operation expansion and development.

The Group's consolidated revenue for the year was HK$46.8 million, representing an increase of more than 2 folds when compared to the HK$22.2 million recorded last year. The consolidated net loss for the year amounted to HK$96.3 million as compared to HK$8.8 million recorded in 2011. The substantial increase in the level of net loss of the Group compared to last year are mainly attributable to the increase in staff costs, operating and administrative expenses associated with the Group's set up of the institutional sales and investment banking business. It is vital to ensure our operation infrastructure supports not only today's activity, but also allows for future expansion. Investment and recruitment of high calibre professionals are critical to the business model and strategies of the Group. During the year, we placed substantial emphasis on the recruitment of qualified securities brokers, corporate finance professionals and various areas of support staff, scale up of our business infrastructure and information technology platforms, all to align and support the Group's current and future business. Head count reached from 44 at the start of the year to 65 at end of the year.

Brokerage Business

The institutional brokerage structure and their trading platform are maturing at a healthy pace. We are in position, and have been able to bring a host of globally recognized top-tier clients and investment companies onto our platform as planned in our business strategy.

For the year ended 31 December 2012, the total value of the transactions in relation to securities brokerage by the Group amounted to approximately HK$26 billion. The Group's commission income generated from securities brokerage amounted to approximately HK$34.2 million, representing 73% of the Group's turnover for the year (2011: 43%), and a marked increase of 3.6 times over the level of commission income of HK$9.6 million reported last year.

Financial Consultancy and Advisory Business

Our financial advisory business continued in the steady development in these difficult market conditions. Income generated from consultancy and advisory services amounted to approximately HK$12.5 million, representing 27% of the Group's turnover for the year ended 31 December 2012, an increase of 40% as compared to the HK$8.9 million recorded in last year.

We are currently mandated on a handful of private and public engagements and hence envisage that the consultancy and advisory income to improve next year. Corporate Finance segment has demonstrated a more even percentage distribution through Asia, with revenue coming from Hong Kong, Korea, Australia and Malaysia. The geographic distribution will broaden out with the current public and private mandates range from Australia to China, Africa and the US. A large percentage of the deal flow currently is natural resource related and we expect that will continue into 2013.

Looking Forward

During the year of 2012, the Group has successfully transformed itself from a local retail brokerage firm to a global boutique investment house. With its strong and solid platforms and infrastructures in place, the Group is well equipped to expand its footprint as the Hong Kong based global reach boutique investment house.

The overhaul of its business, institutional sales operation structure and their trading platform have brought a host of globally recognized top-tier clients and investment companies onto our platform as planned in the first phase of a three tiered build-out business strategy.

The first phase focused on four market centres, Hong Kong, Japan, Australia and Singapore. The second phase of the rollout is underway and is focused on trading Thailand, Malaysia and Indonesia in addition to ADR/GDR and ETFs. The final stage will complete the global trading offering with access to the USA and Europe as well as the Asian ID markets: Korea, Taiwan and India.

The future will continue to be challenging with uncertain economic and political climates ahead. Despite a challenging market environment, the Board is now better positioned and equipped with the maneuverability to confront difficulties and seize new opportunities as they present themselves. The Board is determined and will continue its endeavours to improve returns to stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total shareholders' equity amounted to approximately HK$166 million as at 31 December 2012 as compared to the total shareholders' equity of HK$256 million reported at the end of last year. The change was attributable to the loss reported for the year ended 31 December 2012.

Year 2012 was the first full year of trading and operations after the resumption of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited in August 2011. The substantial increase in the level of net loss of the Group compared to last year is mainly attributable to the increase in staff costs, operating and administrative expenses associated with the Group increased and expansion in operations, product and services, investment in staff and business infrastructure to support the Group's current and future business operations, and the legal fees incurred for defending the litigation against our staff.

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$149 million (31 December 2011: HK$246 million). As at the end of the reporting date, the current ratio was measured at 1.6 times (31 December 2011: 4.9 times). The Group had no bank and other borrowing at the end of the reporting period (31 December 2011: nil).

During the year, the Group did not engage in the use of other financial instruments for hedging purposes, and there were no hedging instruments outstanding as at 31 December 2012.

FOREIGN EXCHANGE RISK

The Group has assets and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange amounts in the different currencies. The Group considers that its exposure to US dollar ("USD") is insignificant on the ground that the Hong Kong dollar is pegged to the USD. The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its bank balances in currencies other than the USD, such as the Japanese Yen and the Renminbi. The management of the Group monitors the foreign exchange exposure and will hedge significant foreign currency exposure should the need arise.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any material acquisitions and disposals during the year ended 31 December 2012.

CHARGE OF ASSETS

At the end of the reporting period, the Group did not have any charges of assets, other than a security deposit of HK$20,000,000 for a bank overdraft facility.

STAFFING AND REMUNERATIONS

As at 31 December 2012, the Group employed 65 full time employees, 60 of which were located in Hong Kong and 5 in the People's Republic of China. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide an incentive to the employees.

The remuneration policy and package, include the share options, of the Group's employees are maintained at market level and reviewed annually by the management.

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this Announcement.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, other than acting as an agent for clients of the Company and its subsidiaries, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

GOVERNANCE PRACTICES CODE

Throughout the year ended 31 December 2012, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO") as set out in the CG Code A.2.1 for the period from 1 January 2012 to 4 June 2012 when Mr. Brett McGonegal was appointed as the executive director and the CEO of the Company. Since 4 June 2012, the roles of the Chairman and the CEO have been segregated and exercised by different individuals.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Liu Zhengui, Mr. Ding Kebai, and Mr. Chu Chung Yue, Howard. Mr. Chu Chung Yue, Howard is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Group's audited consolidated financial statements for the year ended 31 December 2012 have been reviewed by the Audit Committee.

APPRECIATION

The Board wishes to take this opportunity to express gratitude to our employees for their contribution, devotion and dedication to the Group. We also thank our shareholders, clients and business partners for their continuous support.

For and on behalf of
REORIENT GROUP LIMITED
Ko Chun Shun, Johnson
Chairman

Hong Kong, 5 February 2013

As at the date of this announcement, the Board comprises Mr. Ko Chun Shun, Johnson, Mr. Jason Boyer, Mr. Brett McGonegal, Mr. Chen Shengjie, Ms. Ko Wing Yan, Samantha and Mr. Tsoi Tong Hoo, Tony (who are executive directors), and Mr. Liu Zhengui, Mr. Ding Kebai, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).