# REORIENT GROUP LIMITED
# 瑞東集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012

The board of directors (the "Directors") of REORIENT GROUP LIMITED (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months period ended 30 June 2012, together with the unaudited comparative figures for the corresponding period in 2011, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
*For the six months period ended 30 June 2012*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2012** | 2011 |
| | | **(Unaudited)** | (Unaudited) |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Turnover** | *4* | **13,674** | 12,091 |
| Other operating income | *5* | **124** | 402 |
| Other net gain | | **1,138** | — |
| Staff costs | | **(46,754)** | (3,518) |
| Depreciation | | **(1,157)** | (309) |
| Other operating expenses | | **(23,849)** | (11,514) |
| **Loss from operations** | | **(56,824)** | (2,848) |
| Finance costs | | **(299)** | (847) |
| **Loss before taxation** | *6* | **(57,123)** | (3,695) |
| Income tax | *7* | **—** | — |
| **Loss for the period** | | **(57,123)** | (3,695) |
| **Loss and total comprehensive income attributable to:** | | | |
| **— Equity shareholders of the Company** | | **(56,975)** | (3,695) |
| **— Non-Controlling interests** | | **(148)** | — |
| | | **(57,123)** | (3,695) |
| **Loss per share attributable to equity shareholders of the Company** | | | |
| Basic and diluted (cents) | *8* | **(14.82) cents** | (11.97) cents |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2012*

| | Note | At 30 June 2012 HK$'000 (Unaudited) | At 31 December 2011 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | **7,850** | 8,920 |
| Other non-current assets | | **440** | 430 |
| **Total non-current assets** | | **8,290** | 9,350 |
| **Current assets** | | | |
| Accounts receivable | *10* | **45,673** | 10,076 |
| Other receivables, deposits and prepayments | | **5,757** | 3,717 |
| Bank balance — Trust and segregated accounts | | **22,609** | 50,355 |
| Cash and cash equivalents | | **193,188** | 245,859 |
| **Total current assets** | | **267,227** | 310,007 |
| **Current liabilities** | | | |
| Accounts payable | *11* | **64,516** | 55,131 |
| Accrued expenses and other payables | | **5,850** | 7,965 |
| **Total current liabilities** | | **70,366** | 63,096 |
| **Net current assets** | | **196,861** | 246,911 |
| Total assets less current liabilities | | **205,151** | 256,261 |
| **EQUITY** | | | |
| Share capital | *12* | **3,845** | 3,845 |
| Share premium | | **412,428** | 412,428 |
| Asset revaluation account | | **2,650** | 2,650 |
| Exchange reserve | | **13** | — |
| Accumulated loss | | **(219,637)** | (162,662) |
| | | **199,299** | 256,261 |
| Non-controlling interests | | **5,852** | — |
| **TOTAL EQUITY** | | **205,151** | 256,261 |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

#### *(a) Statement of compliance*

These condensed consolidated interim financial statements for the six months period ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These condensed consolidated interim financial statements are unaudited, but have been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

#### *(b) Basis of measurement*

These condensed consolidated interim financial statements are prepared under historical cost convention and are presented in Hong Kong Dollars ("HKD"), and all values are stated to the nearest thousand (HK$'000s), unless otherwise stated.

The accounting policies applied in preparing these interim financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2011, as disclosed in the annual report and financial statements for the year ended 31 December 2011.

#### *(c) Use of estimates and judgments*

The preparation of condensed consolidated interim financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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.

### *(d) Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

## 2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

A number of new and revised HKFRSs have become effective in 2012. None has material impact on the Group.

***New and revised HKFRSs that have been issued but are not yet effective***

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| HKAS 1 (Revised) (Amendment) | Presentation of financial statements[1] |
| HKAS 19 (2011) | Employee benefits[2] |
| HKAS 27 (2011) | Separate financial statements[2] |
| HKAS 28 (2011) | Investments in associates and joint ventures[2] |
| HKFRS 9 | Financial instruments[3] |
| HKFRS 10 | Consolidated financial statements[2] |
| HKFRS 11 | Joint arrangements[2] |
| HKFRS 12 | Disclosure of interests in other entities[2] |
| HKFRS 13 | Fair value measurement[2] |

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015

The Group has commenced an assessment of the impact of these new and amended HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

## 3. 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, namely

(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 expenses and non-operating costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

In prior year, 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**

*For the six months period ended 30 June 2012*

| | Securities brokerage *HK$'000* | Securities underwriting and placements *HK$'000* | Consultancy and advisory services *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| Segment revenue | **8,119** | **—** | **5,555** | **13,674** |
| Segment loss | **(43,250)** | **(1,443)** | **(1,952)** | **(46,645)** |
| Other income | | | | **1,262** |
| Unallocated staff costs | | | | **(6,280)** |
| Finance costs | | | | **(25)** |
| Depreciation | | | | **(388)** |
| Restructuring expenses | | | | **—** |
| Legal and professional expenses | | | | **(2,588)** |
| Other central administrative costs | | | | **(2,459)** |
| Loss for the period | | | | **(57,123)** |

*For the six months period ended 30 June 2011*

| | Securities brokerage *HK$'000* | Securities underwriting and placements *HK$'000* | Consultancy and advisory services *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| Segment revenue | 6,519 | 2,122 | 3,450 | 12,091 |
| Segment profit | 6,451 | 2,122 | 3,450 | 12,023 |
| Other income | | | | 402 |
| Unallocated staff costs | | | | (3,454) |
| Finance costs | | | | (847) |
| Depreciation | | | | (309) |
| Restructuring expenses | | | | (5,145) |
| Legal and professional expenses | | | | (2,176) |
| Other central administrative costs | | | | (4,189) |
| Loss for the period | | | | (3,695) |

**(b) Segment information**

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

## 4. Turnover

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

Turnover represents the net amount received during the period. An analysis of the Group's turnover for the period is as follow:

| | Six months ended 30 June | |
|---|---|---|
| | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* |
| Brokerage and commission income | **8,020** | 6,466 |
| Underwriting and placement commission income | **—** | 2,122 |
| Consultancy and advisory fee income | **5,555** | 3,450 |
| Interest income | **99** | 53 |
| | **13,674** | 12,091 |

## 5. Other operating income

| | Six months ended 30 June | |
|---|---|---|
| | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **33** | — |
| Handling and settlement fees | **91** | 96 |
| Sundry income | **—** | 306 |
| | **124** | 402 |

## 6. Loss before taxation

Loss before taxation is arrived at after charging:

| | Six months ended 30 June | |
|---|---|---|
| | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* |
| Recovery of impairment loss of accounts receivable | **—** | (2) |
| Information, data and communication expenses | **4,799** | 754 |
| Restructuring expenses | **—** | 5,145 |
| Legal and professional fees | **8,719** | 2,176 |
| Operating lease charges in respect of properties | **2,444** | 1,327 |
| Exchange loss | **1,676** | — |

## 7. Income tax

No provision for Hong Kong profits tax was made for both periods 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 two periods ended 30 June 2012 and 2011. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams, and no deferred tax liability in respect of the accelerated depreciation allowance has been recognised as the amount is insignificant.

## 8. Loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Group of $57,123,000 (six months period ended 30 June 2011: $3,695,000) and the weighted average number of shares in issue during the period ended 30 June 2012 of 384,494,527 (six months period ended 30 June 2011: 30,870,146, after adjusting for share consolidation of every 50 issued shares of HK$0.20 each into 1 consolidated share of HK$0.20 each).

There were no dilutive potential ordinary shares for the six months period ended 30 June 2012 and 2011, therefore basic loss per share equals to diluted loss per share.

## 9. Dividend

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2012 (six months period ended 30 June 2011: nil).

## 10. Accounts receivable

| | *Note* | **At 30 June 2012** ***HK$'000*** | At 31 December 2011 *HK$'000* |
|---|---|---|---|
| Accounts receivable from | | | |
| — Cash clients, net of provisions | *(i)* | **22,118** | 6,962 |
| — Margin clients, net of provisions | *(ii)* | **3** | 3 |
| — Clearing houses | *(iii)* | **21,379** | — |
| — Brokers and dealers | *(iii)* | **1,010** | 312 |
| — Corporate clients | | **1,163** | 2,799 |
| | | **45,673** | 10,076 |

The ageing analysis of accounts receivable, net of provisions, at the end of the reporting period is as follows:

| | **At 30 June 2012** | At 31 December 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **44,038** | 7,702 |
| Past due | | |
| — Less than 1 month past due | **601** | 1,022 |
| — 1 to 3 months past due | **65** | 572 |
| — More than 3 months but less than 12 months past due | **969** | 780 |
| | **1,635** | 2,374 |
| Total Accounts Receivable | **45,673** | 10,076 |

(i) Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. Based on past experience, management believes that no material impairment loss provision for doubtful debt is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Included in the impairment loss provision for doubtful debts were individually impaired accounts receivable amounting to HK$158,000 (2011: HK$158,000) that relate to individually impaired accounts receivable arising from the business of dealing in securities. Consequently, specific allowance for doubtful debts for the full amount has been made.

(ii) Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The Group ceased providing margin financing service since the year 2004. As at 30 June 2012 and 31 December 2011, this amount of margin loans due from margin clients amounting to HK$26,124,000 has been brought forward from year 2004. This amount has been impaired and a provision for impairment losses of HK$26,121,000 has been made in prior years and as at 31 December 2011. Accordingly, the net balance of the margin clients' receivable is HK$3,000.

(iii) Accounts receivable from clearing houses, brokers and dealers are current. These represent pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade dates.

## 11. Accounts payable

| | At 30 June 2012 HK$'000 | At 31 December 2011 HK$'000 |
|---|---|---|
| Accounts payable | | |
| — Cash clients | **55,603** | 53,154 |
| — Brokers, dealers and clearing houses | **8,913** | 1,977 |
| | **64,516** | 55,131 |

Included in accounts and other payables are 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 amounts to HK$21,595,000 (2011: HK$50,016,000).

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

## 12. Share capital

| | At 30 June 2012 | | At 31 December 2011 | |
|---|---|---|---|---|
| | **No. of shares** | **Amount HK$'000** | No. of shares | Amount HK$'000 |
| **Authorised:** | | | | |
| Ordinary shares of $0.01 each | **2,000,000,000** | **20,000** | 2,000,000,000 | 20,000 |

| | At 30 June 2012 | | At 31 December 2011 | |
|---|---|---|---|---|
| | **No. of shares** | **Amount HK$'000** | No. of shares | Amount HK$'000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of $0.01 each | **384,494,527** | **3,845** | 384,494,527 | 3,845 |

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of Reorient Group Limited (the "Company" or "REORIENT") is pleased to present the unaudited consolidated results and financial position of the Company and its subsidiaries (together the "Group") for the six months period ended 30 June 2012, together with the comparative figures for the corresponding period of 2011. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's audit committee and the Company's independent auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### Business Review and Prospects

Although the first half of 2012 was challenging for global markets and investment banks, REORIENT has made substantial progress and has succeeded in shortening the time frame for the initial build. The early stages of building a boutique investment house are critical in establishing viable business platform. The verticals must provide a firm foundation that can support complementary accretive business lines. Our goal in the first half was to establish and develop the Investment Banking and Institutional Sales and Trading platforms. The success in setting up these key building blocks with limited headcount and with prudent expenditure puts the firm on solid footing. As the developed platforms bring new opportunities and increase general scale, we have also upgraded substantially our banking and clearing facility. It is vital at this stage to ensure our infrastructure supports not only today's activity, but also allows for years future expansion.

The success of our model is predicated on the quality of employees we attract. Our first-half focus has been to hire top talent, always being mindful of cost. We have expanded our headcount by 25% in the first half of 2012, bolstering our Investment Banking as well as Institutional Sales and Trading platforms. Bankers and traders from larger investment banks have pursued employment with us as they have been attracted to REORIENT's vision and prospects. From a cost perspective, the lion's share of the build is now in place including most of the hiring. From staffing to systems, infrastructure and compliance; the Institutional Sales and Trading and Investment Banking platforms are robust and active. We have achieved critical mass, and we are in a prime position to scale up and bolster current business lines and grow new ones.

The Institutional Sales and Trading platform is maturing at a healthy pace. We have been able to bring a host of globally recognized top-tier investment companies onto our platform as we have completed the first phase of a three tiered build-out. It was paramount that we staggered the market rollouts from a market access perspective to control settlement risk, capital exposure and system limitations. The first phase focused on four market centers: 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 revenue break down from sales and trading through the first six months of 2012 shows the largest share coming from Hong Kong and Japan, and the remainder from Australia and Singapore.

Corporate Finance has demonstrated a more even percentage distribution through Asia, with revenue coming from Hong Kong, Korea, Australia and Malaysia. Majority of the revenue has come from financial advisory work centered around merger and acquisition and privatization. We envision the deal pipelines to pick up in the second half. We are currently mandated on a handful of private and public deals. The geographic distribution will broaden out quite a bit, with 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.

During the first half of 2012, REORIENT has successfully transformed itself from a local retail brokerage firm to a global boutique investment house. The rest of 2012 will continue to be challenging and there are still many uncertainties and political changes ahead. However, we believe the market will continue to be resilient in climbing the many walls of worry. REORIENT, with our strong and solid platforms built in the first half, is well positioned to expand its footprint as the Hong Kong based global reach boutique investment house.

**Overall Performance**

For the first six months of 2012, the Group built up the infrastructure in its institutional brokerage business. The Group's consolidated revenue for the first half of 2012 was HK$13.7 million, or 13% above the HK$12.1 million recorded for the same period in 2011. The consolidated net loss for the period was HK$57.1 million as compared to HK$3.7 million for the same period in 2011 due to the increase in staffing costs and the build-up of the brokerage infrastructure.

***Brokerage business***

For the six months period ended 30 June 2012, the total value of the transactions in relation to securities brokerage by the Group amounted to approximately HK$6.7 billion. The Group's income generated from securities brokerage amounted to approximately HK$8.1 million, representing 59% of the Group's revenue for the six months ended 30 June 2012.

***Financial advisory business***

Our financial advisory business continued in the steady development in these difficult market conditions. For the six months ended 30 June 2012, income generated from consultancy and advisory services amounted to approximately HK$5.6 million, representing 41% of the Group's revenue for the six months ended 30 June 2012.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

At 30 June 2012, the Group had cash and bank balances of HK$193.2 million (31 December 2011: HK$245.9 million). The liquidity ratio as at 30 June 2012 measured at 3.8 times, as compared to 4.9 times as at 31 December 2011. The Group had no borrowing at the end of the reporting period. At 30 June 2012, the Group recorded net assets of HK$205.2 million, as compared to HK$256.3 million reported at the end of last year.

### Capital Structure

There was no change in the Group's capital structure during the six months period ended 30 June 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.

During the six months period ended 30 June 2012, the Group used currency options for hedging purposes, and there were two currency options outstanding as at 30 June 2012.

### Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisitions and disposals of subsidiaries during the six months period ended 30 June 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.

### Commitments

As at 30 June 2012, the Group had capital commitment of RMB4,335,000 (31 December 2011: RMB5,100,000) which were not accounted for in the financial statements. The amount represents the balance of committed capital injection to be made in accordance with the terms of the joint venture agreement. The joint venture is accounted for as a subsidiary as the Group has indirect unilateral control over the joint venture.

As at 30 June 2012, rental payments under non-cancellable operating leases on office premises amounted to HK$10,938,000 (31 December 2011: HK$12,119,000).

### Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2012 and 31 December 2011.

### Staffing and Remuneration

As at 30 June 2012, the Group employed 56 full time employees, of which 53 were located in Hong Kong and 3 located in the People's Republic of China. The remuneration of employees includes salary, commission, sign-on payments and discretionary bonuses. The Group also adopted a share option scheme to provide an incentive to the employees.

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

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

During the six months period ended 30 June 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.

## CORPORATE GOVERNANCE CODE

Throughout the six months period ended 30 June 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 until 4 June 2012. Mr. Brett McGonegal has been appointed as the executive director and the CEO of the Company on 4 June 2012. Since 4 June 2012, the roles of the Chairman and the CEO have been segregated and exercised by different individuals.

## MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding Director's securities transactions with terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Upon enquiry by the Company, all the Directors have confirmed that they have complied with the required standards as stated in the Model Code throughout six months period ended 30 June 2012.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, Messrs. Chu Chung Yue, Howard, Liu Zhengui and Ding Kebai. 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 CG Code.

These unaudited condensed consolidated interim financial statements for the six months period ended 30 June 2012 of the Group have been reviewed by the Audit Committee.

## APPRECIATION

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

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

Hong Kong, 3 August 2012

*As at the date of this announcement, the Board comprises Mr. Ko Chun Shun, Johnson (Chairman), Mr. Jason Boyer (Vice Chairman), Mr. Brett McGonegal (Chief Executive Officer), Mr. Chen Shengjie, Ms. Ko Wing Yan, Samantha, Ms. Angelina Kwan and Mr. Tsoi Tong Hoo, Tony (who are executive directors), and Mr. Liu Zhengui, Mr. Ding Kebai, and Mr. Chu Chung Yue, Howard (who are independent non-executive directors).*