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 ENDED 30 JUNE 2014

The board of directors (the "Board") of REORIENT GROUP LIMITED (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013. The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee and the Company's independent auditor.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**35,206**	27,150
Other operating income	*4*	**464**	210
Net loss on financial assets at fair value through profit or loss		**(13,902)**	—
Staff costs		**(39,277)**	(46,601)
Depreciation		**(1,683)**	(1,655)
Other operating expenses		**(23,189)**	(24,868)
Loss from operations		**(42,381)**	(45,764)
Finance costs		**(36)**	(48)
Share of results of associates		**(827)**	(302)
Loss before taxation	*5*	**(43,244)**	(46,114)
Income tax	*6*	**—**	—
Loss for the period		**(43,244)**	(46,114)
Loss for the period attributable to:			
— Equity shareholders of the Company		**(43,048)**	(45,782)
— Non-controlling interests		**(196)**	(332)
		(43,244)	(46,114)
Loss per share attributable to equity shareholders of the Company			
Basic and diluted *(HK cents)*	*7*	**(10.06)**	(11.85)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(43,244)**	(46,114)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of results of foreign operations	**(323)**	236
Total comprehensive income for the period	**(43,567)**	(45,878)
Total comprehensive income for the period attributable to:		
— Equity shareholders of the Company	**(43,217)**	(45,654)
— Non-controlling interests	**(350)**	(224)
	(43,567)	(45,878)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	At 30 June 2014 (Unaudited) HK$'000	At 31 December 2013 (Audited) HK$'000
Non-current assets			
Fixed assets		**5,824**	6,247
Intangible assets		**550**	550
Interest in associates		**34,582**	33,076
Other non-current assets		**847**	805
Total non-current assets		**41,803**	40,678
Current assets			
Financial assets at fair value through profit or loss		**42,459**	13,629
Accounts receivable	*10*	**71,070**	69,727
Other receivables, deposits and prepayments		**13,063**	12,451
Bank balance-trust and segregated accounts		**67,200**	22,753
Cash and cash equivalents		**65,592**	111,086
Total current assets		**259,384**	229,646
Current liabilities			
Accounts payable	*11*	**115,143**	82,955
Accrued expenses and other payables		**20,798**	26,300
Bank overdrafts		**5,012**	—
Total current liabilities		**140,953**	109,255
Net current assets		**118,431**	120,391
Net assets		**160,234**	161,069
Equity			
Share capital and other statutory capital reserves	*12*	**540,963**	498,231
Other reserves		**(386,401)**	(343,184)
		154,562	155,047
Non-controlling interests		**5,672**	6,022
Total equity		**160,234**	161,069

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated interim financial statements are unaudited, but have been reviewed by the Company's audit committee and the Company's independent auditor, 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

The measurement basis used in the preparation of the condensed consolidated interim financial statements is the historical cost basis except that the financial assets at fair value through profit or loss are stated at their fair value.

The condensed consolidated interim financial statements 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 the condensed consolidated interim financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2013, as disclosed in the annual report and financial statements for the year ended 31 December 2013.

(c) Use of estimates and judgements

The preparation of condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group:

— Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

— Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

— Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

— Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

— HK(IFRIC) 21, *Levies*

None of these developments have a material impact on the Group's condensed consolidated interim financial statements.

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.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, *Employee benefits*	1 July 2014
Annual Improvements to HKFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to HKFRSs 2011 – 2013 Cycle	1 July 2014
Amendments to HKFRS 11, *Joint arrangements*	1 January 2016
Amendments to HKAS 16, *Property, plant and equipment*	1 January 2016
Amendments to HKAS 38, *Intangible assets*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2017

3. REVENUE

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

Revenue represents the gross amount recognised during the period. An analysis of the Group's revenue for the period is as follow:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Brokerage commission	**7,360**	23,610
Placing and underwriting commission	**1,985**	297
Consultancy and advisory fees	**25,677**	3,199
Interest income from clients	**184**	44
	35,206	27,150

4. OTHER OPERATING INCOME

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Other interest income	**159**	9
Handling and settlement fees	**305**	201
	464	210

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Provision for impairment loss of accounts receivable	**210**	13
Information, data and communication expenses	**7,012**	5,852
Legal and professional fees	**2,634**	4,952
Operating lease charges in respect of properties	**2,827**	2,908
Exchange loss	**104**	602

6. 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. 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.

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Group of HK$43,048,000 (2013: HK$45,782,000) and the weighted average number of shares in issue during the six months ended 30 June 2014 of 427,922,509 (2013: 386,433,754).

There were no potential dilutive ordinary shares for the six months ended 30 June 2014 and 2013, therefore basic loss per share equals to diluted loss per share.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2014 (2013: nil).

9. 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 placing and underwriting, 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.

(a) **Segment revenue and results**

For the six months ended 30 June 2014

	Securities brokerage *HK$'000*	**Securities placing and underwriting** *HK$'000*	**Consultancy and advisory services** *HK$'000*	**Total** *HK$'000*
Revenue from external parties	**7,360**	**1,985**	**25,677**	**35,022**
Interest income from external clients	**184**	—	—	**184**
Allocated other income	**305**	—	—	**305**
Allocated operating costs	**(29,428)**	**(4,185)**	**(17,464)**	**(51,077)**
Allocated finance costs	**(7)**	**(1)**	—	**(8)**
Segment (loss)/profit	**(21,586)**	**(2,201)**	**8,213**	**(15,574)**
Unallocated other income				**159**
Net loss on financial assets at fair value through profit or loss				**(13,902)**
Share of results of associates				**(827)**
Unallocated finance costs				**(28)**
Depreciation				**(1,683)**
Legal and professional expenses				**(1,879)**
Other central administrative costs				**(9,510)**
Loss for the period				**(43,244)**

For the six months ended 30 June 2013

	Securities brokerage *HK$'000*	Securities placing and underwriting *HK$'000*	Consultancy and advisory services *HK$'000*	Total *HK$'000*
Revenue from external parties	23,610	297	3,199	27,106
Interest income from external clients	44	—	—	44
Allocated operating costs	(46,003)	(1,368)	(8,550)	(55,921)
Allocated finance costs	(46)	(1)	—	(47)
Segment loss	(22,395)	(1,072)	(5,351)	(28,818)
Other income				210
Share of results of an associate				(302)
Unallocated finance costs				(1)
Depreciation				(1,655)
Legal and professional expenses				(3,408)
Other central administrative costs				(12,140)
Loss for the period				(46,114)

(b) Segment assets and liabilities

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

(c) Geographical segment information

The Group's customers, operation and administration are mainly located in Hong Kong. The business activities of the Group's associates are mainly located in the Republic of Korea and the United States.

10. ACCOUNTS RECEIVABLE

	Note	At 30 June 2014 HK$'000	At 31 December 2013 HK$'000
Accounts receivable from			
— Cash clients, net of provisions	*(i)*	**44,127**	13,612
— Margin clients, net of provisions	*(ii)*	**—**	—
— Clearing house, brokers and dealers	*(iii)*	**8,450**	54,734
— Corporate clients, net of provisions	*(iv)*	**18,493**	1,381
		71,070	69,727

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

	At 30 June 2014 HK$'000	At 31 December 2013 HK$'000
Current	**52,543**	65,905
Less than 1 month past due	**17,517**	1,974
1 to 3 months past due	**253**	809
More than 3 months past due	**757**	1,039
Amounts past due	**18,527**	3,822
Total accounts receivable	**71,070**	69,727

(i) Based on past experience, management has made a provision for impairment loss of HK$45,000 for the six months ended 30 June 2014 (2013: HK$14,000) in respect of accounts receivable from cash clients.

Included in the balances of impairment loss provision for doubtful debts were individually impaired accounts receivable amounting to HK$214,000 (2013: HK$484,000) that relate to individually impaired accounts receivable arising from the business of dealing in securities.

(ii) The Group ceased providing margin financing service since 2004. As at 30 June 2014 and 31 December 2013, the amount of margin loans due from margin clients amounted to HK$26,122,000 has been brought forward from 2004. This amount has been impaired and a provision for impairment losses of HK$26,122,000 has been made in prior years and as at 30 June 2014.

(iii) Accounts receivable from clearing house, 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.

(iv) Accounts receivable from corporate clients represent accounts receivable arising from provision of corporate finance, consultancy and advisory services. A provision for impairment loss of HK$165,000 has been made for the six months ended 30 June 2014 (2013: nil).

11. ACCOUNTS PAYABLE

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
Accounts payable		
— Cash clients	**105,416**	82,946
— Clearing house, brokers and dealers	**9,727**	9
	115,143	82,955

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$67,200,000 (2013: HK$22,753,000).

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

12. SHARE CAPITAL

As at 31 December 2013, 2,000,000,000 ordinary shares, with par value of HK$0.01 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amounts standing to the credit of the share premium account and the capital redemption reserve on 3 March 2014 have become part of the Company's share capital, under the transition provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Movements of the Company's ordinary shares are set out below:

	At 30 June 2014		At 31 December 2013	
	Number of shares		Number of shares	
		HK$'000		*HK$'000*
Issued and fully paid				
Balance brought forward	**411,494,527**	**4,115**	384,494,527	3,845
Subscription of ordinary shares	**—**	**—**	27,000,000	270
Shares issued under share swap agreement	**17,805,178**	**178**	—	—
Transition to no-par value regime on 3 March 2014	**—**	**536,670**	—	—
Balance carried forward	**429,299,705**	**540,963**	411,494,527	4,115

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Gainhigh Holdings Limited ("Gainhigh") placed 17,021,277 existing shares of the Company at a price of HK$2.35 per share pursuant to the placing agreement dated 26 June 2014, and subscribed for 17,021,277 new shares in the Company, at a price of HK$2.35 per share pursuant to the subscription agreement dated 26 June 2014. The subscription was completed on 9 July 2014 and 17,021,277 shares were issued to Gainhigh. After deducting the expenses in connection with the private placement amounting to HK$99,000, the net proceeds from placement of ordinary shares is HK$39,901,000. Details of the agreements have been disclosed in the Company's announcement dated 26 June 2014. No adjustments have been made to these condensed consolidated financial statements as a result of the subscription agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

Global markets have markedly underperformed in the first half of 2014 compared to the first half of 2013. Slower than expected United States economic growth, serious geopolitical dislocations (Ukraine, Middle East), and growing concerns over the global impact of US monetary policy - the expected end of quantitative easing by October – have restrained performance across asset classes. However, and in line with our expectations, one of the largest concerns persistently voiced by global fund managers, a China hard landing, has not materialized. Instead, the ambitious reform program of the new Chinese leadership is getting traction and there are clear signs of Chinese growth acceleration in the second half of the year. Similarly, Japan's monetary, fiscal, and regulatory initiatives are beginning to bear fruit. We remain cautious about the process of economic recovery in the US and the impact of monetary tightening. But we are encouraged by the fact that Chinese and Japanese markets are starting to reward improved economic performance. A stable and improving Asia and full-year US growth in the two percent range should provide the background for satisfactory overall global market performance even though last year's outsize expansion levels will not be reached.

The first half of 2014 was a turning point for the Group. We continue to grow our pipeline and deal flow, resulting in increased revenue generation for the Corporate Finance division. Our Institutional Equities division continues to be negatively impacted by lower trading volumes in global equity markets. However, we believe that the second half of the year will see a firming of markets and an increase in volumes.

The Investment Banking division has also increased deal flow and grown the deal pipeline in the first half of the year. As our banking platform matures, we have improved the quality, geographic and industry dispersion of our pipeline. We anticipate an increase in activity and deal closings in the second half of the year. While our work load is growing, we remain focused on efficiently allocating resources and human capital. Our cross selling model adds flexibility for the client by presenting a bespoke solution in capital raising and M&A. Breaking down the typical silo approach of investment banks allows Reorient to construct unique funding solutions and investment opportunities for clients. We will work to strengthen the platform in the second half by selectively adding headcount in both the front office and the execution team.

We continue to expand into new businesses, as well as building our balance sheet and diversifying revenue opportunities. We received our USA FINRA membership and opened an office in New York City. This allows our Institutional Equities client coverage and research distribution to expand. We have also built a USA based investment platform, focused on managing portfolios of non-operated shale oil and gas assets. ReOil is based in Denver, Colorado and boasts an experienced management team of industry experts. The platform will focus on Asian investors looking for exposure to the North American shale oil and gas boom. Our Hong Kong merchant banking and principal investment group has been actively looking at investments for the Group. Our option and position in Frontier Services Group Limited ("Frontier Services") (formerly known as DVN (Holdings) Limited) (500.HK) had a marked to market loss in the first half. We have also committed to an investment in Climax International Company Limited ("Climax International") (439.HK) and are excited about the prospects of this investment.

The asset management division continues to evaluate opportunities to bring unique products to high net worth individuals and retail customers. We anticipate increased activity over the next year. Our investment in EQ Partners in Korea continues to bear fruit from a deal flow and distribution perspective. The fund has increased assets under management ("AUM") significantly and is poised to move into the top three in Korea in terms of AUM.

We are optimistic about the second half of 2014 and see good momentum within the Group. We stay focused on keeping costs down and committed to increasing shareholder value. An inflection point has been reached in the Groups' overall business and we expect to leverage the performance to expand the reach and strengthen the Reorient brand globally.

Overall performance

The Group's consolidated revenue for the first half of 2014 was HK$35.2 million, or 30% above the HK$27.2 million recorded for the same period in 2013. The consolidated net loss for the period was HK$43.2 million, representing a decrease of 6% over the prior period.

Brokerage business

For the six months ended 30 June 2014, the total value of the transactions in relation to securities brokerage by the Group amounted to approximately HK$7.8 billion. The Group's income generated from securities brokerage amounted to approximately HK$7.4 million, representing 21% of the Group's revenue for the six months ended 30 June 2014.

Financial advisory business

For the six months ended 30 June 2014, income generated from consultancy and advisory services amounted to approximately HK$25.7 million, representing 73% of the Group's revenue for the six months ended 30 June 2014.

Placing and underwriting business

For the six months ended 30 June 2014, the total value of the transactions in relation to placing and underwriting by the Group amounted to approximately HK$423.0 million. The Group's income generated from placing and underwriting amounted to approximately HK$2.0 million, representing 6% of the Group's revenue for the six months ended 30 June 2014.

Financial Review

Liquidity and financial resources

As at 30 June 2014, the Group had cash and bank balances of HK$65.6 million (31 December 2013: HK$111.1 million). The current ratio as at 30 June 2014 measured at 1.8 times, as compared to 2.1 times as at 31 December 2013. The Group had bank overdrafts of HK$5.0 million at the end of the reporting period (31 December 2013: nil). The gearing ratio as at 30 June 2014, which is total bank borrowings divided by the total shareholders' equity, was 3.2% (31 December 2013: nil). As at 30 June 2014, the Group recorded net assets of HK$160.2 million, as compared to HK$161.1 million reported at the end of 2013.

Capital structure

On 14 January 2014, the Company allotted and issued 17,805,178 new shares of the Company to Frontier Services and in return Frontier Services allotted and issued 56,976,571 new shares of Frontier Services to the Company pursuant to the share swap agreement dated 23 November 2013. Details of the share swap agreement have been disclosed in the Company's announcement dated 23 November 2013.

On 26 June 2014, the Group raised funds by way of a top-up placing, arrangements were made for a private placement to independent investors of 17,021,277 shares in the Company held by Gainhigh, at a price of HK$2.35 per share. Pursuant to a subscription agreement of the same date, Gainhigh subscribed for 17,021,277 new shares in the Company at a price of HK$2.35 per share, subject to the completion of the placing and the approval of the Listing Committee of the Stock Exchange. The net proceeds raised will be approximately HK$39.9 million and will be applied for general funding purpose. The placement and subscription agreement was completed on 9 July 2014 when the Company issued 17,021,277 shares to Gainhigh. Details of the arrangements have been disclosed in the Company's announcement dated 26 June 2014.

In the prior year, on 6 June 2013, the Group raised funds by way of a top-up placing, where Gainhigh made a private placement of 27,000,000 shares to independent investors and subscribed from the Company the same number of shares at the same placing price, the net proceeds raised from the subscription was approximately HK$82.0 million, of which approximately HK$2.0 million has been used for setting up the US securities broking company, approximately HK$3.0 million was invested in the formation of an associated company in the US whose principal activity is in the provision of technical and specialist services to clients interested in the oil and gas assets and the remaining proceeds has been deployed to support the Group's general operational funding of its core businesses of securities broking, corporate finance and direct investments.

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 USD is insignificant on the ground that the HKD is pegged to the USD.

The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its interest in associates and bank balances in currencies other than the USD, such as the Korean Won, Japanese Yen and 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 ended 30 June 2014, the Group did not engage in the use of any financial instruments for hedging purposes, and there were no hedging instruments outstanding as at 30 June 2014.

Material acquisitions and disposals of subsidiaries and associates

The Group did not have material acquisitions and disposals of subsidiaries and associates during the six months ended 30 June 2014.

Charge on assets

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

Commitments

As at 30 June 2014, rental payments under non-cancellable operating leases on office premises amounted to HK$10,350,000 (31 December 2013: HK$6,095,000).

On 29 May 2014, Reorient Global Limited ("Reorient Global"), a wholly owned subsidiary of the Company, entered into a subscription agreement with Climax International, pursuant to which Climax International has agreed to allot and issue an aggregate of 1,666,666,668 new ordinary shares and 2,683,333,332 new convertible preferred shares at an issue price of HK$0.08 per subscription share, and Reorient Global has agreed to subscribe for 66,666,666 new ordinary shares and 107,333,334 new convertible preferred shares for a cash consideration of HK$13,920,000, subject to the terms and conditions of the subscription agreement. The preferred shares shall be non-voting, non-redeemable and convertible to ordinary shares once they are fully paid. As of the reporting period, the above subscription agreement has not been completed.

On 21 February 2014, Reorient Investments Limited ("Reorient Investments"), a wholly-owned subsidiary of the Company, Pelagic Advisors LLC and ReOil, LLC entered into a unit purchase agreement, pursuant to which Reorient Investments has committed to purchase up to 600 additional Series B Units from ReOil, LLC at a purchase price per unit of USD1,000 which amount shall be payable upon receipt of written notice from ReOil, LLC and in six equal instalments. As of the reporting period, Reorient Investments has purchased 100 additional Series B Units from ReOil, LLC for a cash consideration of USD100,000.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2014 and 31 December 2013.

Staffing and remuneration

As at 30 June 2014, the Group employed 66 full time employees, of which 61 were located in Hong Kong and five were located in the People's Republic of China. The remuneration of employees includes salaries, commission, sign-on payments and discretionary bonuses. The Group also adopted a share option scheme to provide an incentive to the employees.

The Group employees' remuneration policy and package, including the share options, 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 ended 30 June 2014, 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

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"), as set out in Appendix 14 to the Listing Rules, throughout the six months ended 30 June 2014.

All other information on the Corporate Governance Code of the Company has been disclosed in the corporate governance report contained in the 2013 Annual Report of the Company issued in February 2014.

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 the six months ended 30 June 2014.

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.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2014 have been reviewed by the Audit Committee.

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

Hong Kong, 4 August 2014

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), Mr. Dorian M. Barak (who is a non-executive director), 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).