

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2015

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 2015, together with the comparative figures for the corresponding period in 2014. 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 2015

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$’000	HK\$’000
Revenue	3	121,569	35,206
Other operating income	4	1,159	464
Other net loss	5	(47,970)	(13,902)
Staff costs		(52,109)	(39,277)
Depreciation		(1,557)	(1,683)
Other operating expenses		(49,838)	(23,189)
Loss from operations		(28,746)	(42,381)
Finance costs		(55)	(36)
Share of results of associates		(1,683)	(827)
Provision for impairment loss of interest in an associate		(714)	—
Loss before taxation	6	(31,198)	(43,244)
Income tax	7	(24,304)	—
Loss for the period		(55,502)	(43,244)
Loss for the period attributable to:			
— Equity shareholders of the Company		(52,180)	(43,048)
— Non-controlling interests		(3,322)	(196)
		(55,502)	(43,244)
Loss per share attributable to equity shareholders of the Company			
Basic and diluted (<i>HK cents</i>)	8	(11.45)	(10.06)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(55,502)	(43,244)
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	(664)	(323)
Share of other comprehensive income of an associate	<u>(1,265)</u>	<u>—</u>
Total comprehensive income for the period	<u>(57,431)</u>	<u>(43,567)</u>
Total comprehensive income for the period attributable to:		
— Equity shareholders of the Company	(54,063)	(43,217)
— Non-controlling interests	<u>(3,368)</u>	<u>(350)</u>
	<u>(57,431)</u>	<u>(43,567)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		3,756	5,289
Intangible assets		550	550
Interest in associates	11	23,083	27,311
Financial assets at fair value through profit or loss	12	324,364	556,427
Other non-current assets		17,861	8,856
Total non-current assets		<u>369,614</u>	<u>598,433</u>
Current assets			
Financial assets at fair value through profit or loss	12	499,107	426,387
Accounts receivable	13	80,568	220,576
Other receivables, deposits and prepayments		3,522	16,828
Bank balance-trust and segregated accounts		180,361	23,999
Cash and cash equivalents		230,776	74,620
Total current assets		<u>994,334</u>	<u>762,410</u>
Current liabilities			
Accounts payable	14	227,270	191,690
Accrued expenses and other payables		133,462	147,271
Amounts due to directors		616	531
Current taxation		13,421	450
Total current liabilities		<u>374,769</u>	<u>339,942</u>
Net current assets		<u>619,565</u>	<u>422,468</u>
Non-current liabilities			
Deferred tax liabilities		11,333	—
Net assets		<u>977,846</u>	<u>1,020,901</u>
Equity			
Share capital and other statutory capital reserves	15	620,866	614,919
Other reserves		354,381	400,015
		<u>975,247</u>	<u>1,014,934</u>
Non-controlling interests		2,599	5,967
Total equity		<u>977,846</u>	<u>1,020,901</u>

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 2015 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

(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 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 dollar (“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 2014, as disclosed in the annual report and financial statements for the year ended 31 December 2014.

(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 that are first effective for the current accounting period of the Group and the Company:

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
Amendments to HKAS 27, <i>Equity method in separate financial statements</i>	1 January 2016
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
Amendments to HKAS 1, <i>Disclosure initiative</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

3. REVENUE

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

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

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Brokerage commission	9,078	7,360
Placing and underwriting commission	—	1,985
Consultancy and advisory fees	112,440	25,677
Interest income from clients	51	184
	<u>121,569</u>	<u>35,206</u>

4. OTHER OPERATING INCOME

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other interest income	372	159
Handling and settlement fees	762	305
Miscellaneous income	25	—
	<u>1,159</u>	<u>464</u>

5. OTHER NET LOSS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		
— Convertible preferred shares	(118,073)	—
— Options	44,613	(9,344)
— Equity investment listed outside Hong Kong	24,069	—
— Equity investment listed in Hong Kong	(142,236)	(4,558)
	<u>(191,627)</u>	<u>(13,902)</u>
Realised gain on financial assets at fair value through profit or loss		
— Equity investment listed outside Hong Kong	157	—
— Equity investment listed in Hong Kong	143,500	—
	<u>143,657</u>	<u>—</u>
Total other net loss	<u>(47,970)</u>	<u>(13,902)</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Provision for impairment loss of accounts receivable	20	210
Provision for impairment loss of other receivables (<i>note 11</i>)	10,904	—
Information, data and communication expenses	8,244	7,012
Legal and professional fees	6,332	2,634
Operating lease charges in respect of properties	4,031	2,827
Exchange loss	76	104
	<u>76</u>	<u>104</u>

7. INCOME TAX

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax	12,971	—
Deferred taxation	11,333	—
	<u>24,304</u>	<u>—</u>

The provision for Hong Kong profits tax is calculated by applying the estimated annual effective tax rate at 16.5% (2014: 16.5%) to the six months ended 30 June 2015. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$52,180,000 (2014: HK\$43,048,000) and the weighted average number of shares in issue during the six months ended 30 June 2015 of 455,815,452 (2014: 427,922,509).

There were no potential dilutive ordinary shares for the six months ended 30 June 2015 and 2014, 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 2015 (2014: nil).

10. 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 and finance 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 2015

	Securities brokerage HK\$'000	Securities placing and underwriting HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000
Revenue from external parties	9,078	—	112,440	121,518
Interest income from external clients	51	—	—	51
Allocated other income	787	—	—	787
Allocated operating costs	(37,621)	(5,854)	(31,900)	(75,375)
Allocated finance costs	(46)	(5)	—	(51)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment (loss)/profit	(27,751)	(5,859)	80,540	46,930
Unallocated other income				372
Net loss on financial assets at fair value through profit or loss				(47,970)
Share of results of associates				(1,683)
Provision for impairment loss of interest in an associate				(714)
Unallocated finance costs				(4)
Depreciation				(1,557)
Legal and professional expenses				(5,553)
Taxation				(24,304)
Other central administrative costs				<u>(21,019)</u>
Loss for the period				<u><u>(55,502)</u></u>

For the six months ended 30 June 2014

	Securities brokerage <i>HK\$'000</i>	Securities placing and underwriting <i>HK\$'000</i>	Consultancy and advisory services <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>(7)</u>	<u>(1)</u>	<u>—</u>	<u>(8)</u>
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				<u>(9,510)</u>
Loss for the period				<u><u>(43,244)</u></u>

(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.

11. INTEREST IN ASSOCIATES

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Share of net assets	16,059	19,405
Goodwill	7,738	7,906
	<u>23,797</u>	<u>27,311</u>
<i>Less:</i> provision for impairment loss of interest in an associate	(714)	—
	<u><u>23,083</u></u>	<u><u>27,311</u></u>

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest		
				Group's effective interest	Held by a subsidiary	Principal activities
EQ Partners Co. Ltd.	Incorporated	The Republic of Korea	223,500 common shares of KRW 5,000 each and 73,500 preferred shares of KRW 5,000 each	19.75%	19.75%	As the executive partners of private equity funds and provision of management advisory services
ReOil, LLC	Incorporated	USA	300 Series A units of US\$100 each	25%	25%	Provide specialist technical and management services to clients interested in oil and natural gas assets

Provisions for impairment losses of interest in ReOil, LLC of HK\$714,000 and other receivable from ReOil, LLC of HK\$4,659,000 (see note 6) are fully made as their recoverability is in doubt.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
<i>Non-current financial assets at fair value through profit or loss</i>		
Investment designated at fair value through profit or loss		
— Convertible preferred shares	160,144	556,427
— Equity investment listed in Hong Kong	164,220	—
	<u>324,364</u>	<u>556,427</u>
<i>Current financial assets at fair value through profit or loss</i>		
Investment designated at fair value through profit or loss		
— Equity investment listed in Hong Kong	389,744	413,911
— Equity investment listed outside Hong Kong	52,478	204
Held for trading		
— Options	56,885	12,272
	<u>499,107</u>	<u>426,387</u>

13. ACCOUNTS RECEIVABLE

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
	<i>Note</i>	
Accounts receivable arising from securities brokerage		
— Cash clients, net of provisions	(i) 4,623	167,666
— Margin clients, net of provisions	(ii) —	—
— Clearing house, brokers and dealers	(iii) 51,135	1,402
Accounts receivable arising from consultancy and advisory		
— Corporate clients, net of provisions	(iv) 24,810	51,508
	<u>80,568</u>	<u>220,576</u>

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 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Current	71,647	207,063
Less than 1 month past due	1,274	710
1 to 3 months past due	323	409
More than 3 months but within 1 year past due	7,324	12,394
Amounts past due	8,921	13,513
Total accounts receivable	80,568	220,576

- (i) Based on past experience, management has made a provision for impairment loss of HK\$20,000 for the six months ended 30 June 2015 (2014: HK\$45,000) 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\$152,000 (2014: HK\$132,000) 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 2015 and 31 December 2014, 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 2015.
- (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. The balance includes fees accrued for on-going advisory projects which have not been billed amounting to HK\$16,920,000 (2014: HK\$38,313,000). No provision for impairment loss has been made for the six months ended 30 June 2015 (2014: HK\$165,000).

Included in the balances of impairment loss provision for doubtful debts were individually impaired accounts receivable amounting to HK\$2,027,000 (2014: HK\$2,027,000) that relate to impaired accounts receivable from corporate clients.

14. ACCOUNTS PAYABLE

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Accounts payable		
— Cash clients	227,270	28,489
— Brokers and dealers	—	163,201
	<u>227,270</u>	<u>191,690</u>

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\$180,361,000 (2014: HK\$23,999,000).

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

15. SHARE CAPITAL

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

	At 30 June 2015		At 31 December 2014	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Issued and fully paid				
Balance brought forward	455,651,221	614,919	411,494,527	4,115
Shares issued under share swap agreement	—	—	17,805,178	178
Transition to no-par value regime on 3 March 2014	—	—	—	536,670
Issue of subscription shares less costs of issuance of subscriptions shares	—	—	17,021,277	39,901
Shares issued under share option scheme	<u>1,165,173</u>	<u>5,947</u>	<u>9,330,239</u>	<u>34,055</u>
Balance carried forward	<u><u>456,816,394</u></u>	<u><u>620,866</u></u>	<u><u>455,651,221</u></u>	<u><u>614,919</u></u>

On 7 May 2015, the Company entered into five conditional share subscription agreements with each of Yunfeng Financial Holdings Limited (“Yunfeng”), Harbour Yields Limited, Violet Passion Holdings Limited, Gentle Bright Development Limited and Chosen Global Holdings Limited (collectively, referred to as the “Investors”). Pursuant to which the Investors have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 1,942,520,000 ordinary share of the Company (“Subscription Shares”) at an issue price of HK\$2.00 per Subscription Share to the Investors in an aggregate amount of HK\$3,885,040,000. Out of the 1,942,520,000 Subscription Shares, 1,342,976,000 Subscription Shares representing a shareholding percentage of approximately 56% as enlarged by the issue of the Subscription Shares upon Closing, would be subscribed for by Jade Passion Limited (“Jade Passion”), an indirect subsidiary owned as to 73.21% by Yunfeng. As a result, at the completion of the subscription, Jade Passion would be the new controlling shareholder and Yunfeng would be the ultimate holding company of the Company.

The subscription had not yet been completed as at the reporting date. Details of the transaction have been disclosed in the Company’s announcement dated 29 May 2015. No adjustments have been made to these condensed consolidated financial statements as a result of the subscription agreement.

16. MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions.

	Six months ended 30 June	
	2015	2014
	HK\$’000	HK\$’000
Brokerage commission (<i>note (i)</i>)	5,181	—
Advisory fee income (<i>note (ii)</i>)	32,830	2,797
	<u>38,011</u>	<u>2,797</u>

Note

- (i) During the reporting period, the Group provided brokerage services to (i) China Jiu hao Health Industry Corporation Limited where one of our independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director of this company; and (ii) Frontier Services Group Limited where our chairman Mr. Ko Chun Shun (“Mr. Ko”), is an executive director and a shareholder of this company.
- (ii) During the reporting period, the Group provided advisory services to (i) China Jiu hao Health Industry Corporation Limited where one of our independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director of this company; and (ii) KuangChi Science Limited where our chairman Mr. Ko is an executive director and a shareholder of this company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

As the mid-year is upon us, the world has witnessed a high level of market volatility driven most recently by a large sell off in the Chinese equity markets. After a meteoric rise since late 2014, the SHCOMP found resistance above 5000 and subsequently traded off 30% from recent highs. The selloff has set into motion new restrictions imposed by the PBOC and CSRC to help stem the losses. Why is this happen, why the high level of volatility and what does this mean for China and Chinese focused financial platforms? With no real negative fundamental shift, China wrestles with monetary and exchange rate policies clouding the headline message to the market. The lack of clarity coupled with some dizzying margin leverage in the equity markets, investors have scaled back and exited high beta names and seem to be watching from the sidelines looking for a new entry point. This means the market will create many new opportunities and activity will wane then pick up. Hong Kong will play a bigger role in welcoming listings as the mainland has once again frozen IPOs. There is at least six months to the ban and may play into a longer time period of increased HK activity.

Reorient has been able to continue to work through the tough market environment as we continue to grow our corporate finance business and look to expand into other financial service offerings. The negative change in the fair market value of our public market holdings from our merchant banking platform have resulted in a mid-year mark-to-market unrealized loss. In particular, the fair market value of the largest position in that portfolio has decreased over 40%. We consider that there have not been any other material adverse changes to our financial position, but view the significant changes to fair market values to be correlated with a decrease of leverage in the market that has indiscriminately pushed all stocks lower.

The senior management of the Group devoted substantial time and effort to formulating and implementing plans for the Group's fundraising and business platform structuring for future growth. At June month end, the senior management was working towards finalizing the Company's shareholder circular for issuance to shareholders. The transaction involves a group of investors led by Yunfeng Financial Holdings Limited in a proposed subscription of new shares in the company valued at approximately HK\$3.9 billion. It is expected that this transaction, when completed, will provide fresh capital to the Group to scale and further fund current verticals while also funding new business lines, such internet financial businesses and asset management. This investment is expected to raise the profile of the Reorient brand as well as augment size and time of scaling our current platform. The investor group is also expected to become strategic partners adding not only financial support but also operational knowhow and relationships.

We look to the second half of the year with optimism as we work towards closing of the subscription transaction and also a more stable Chinese equity market that will upstart the Chinese outbound desire that has been slowed slightly as people look for some clarity and calm moving forward. The Group will also extend its reach geographically and financially with help of its expected new partners and shareholders. This will lead to increased revenue opportunities and potential margin expansion of Reorient's business lines.

Overall Performance

The Group's consolidated revenue for the first half of 2015 was HK\$121.6 million, or 2.5 times increase over the HK\$35.2 million recorded for the same period in 2014. In addition, the consolidated other net loss from financial assets for the period increase from HK\$13.9 million in 2014 to HK\$48.0 million in 2015, representing the fair value loss in our equity position. The consolidated net loss for the period was HK\$55.5 million, representing an increase of 28% over the prior period.

Brokerage Business

For the six months ended 30 June 2015, the total value of the transactions in relation to securities brokerage by the Group amounted to approximately HK\$3.6 billion. The Group's income generated from securities brokerage amounted to approximately HK\$9.1 million, representing 7% (2014: 21%) of the Group's revenue for the six months ended 30 June 2015.

Financial Consultancy and Advisory Business

For the six months ended 30 June 2015, income generated from consultancy and advisory services amounted to approximately HK\$112.4 million, representing 92% of the Group's revenue for the six months ended 30 June 2015, an increase of 3.4 times as compared to the HK\$25.7 million recorded in 2014.

Placing and Underwriting Business

There is no income generated from placing and underwriting during the six months ended 30 June 2015.

Financial Review

Liquidity and Financial Resources

As at 30 June 2015, the Group had cash and cash equivalents of HK\$230.8 million (31 December 2014: HK\$74.6 million). The current ratio as at 30 June 2015 measured at 2.7 times, as compared to 2.2 times as at 31 December 2014. As at 30 June 2015, the Group recorded net assets of HK\$977.8 million, as compared to HK\$1,020.9 million reported at the end of 2014.

Capital Structure

On 30 October 2014, 10,495,412 share options were granted by the Company under its share option scheme to eligible persons (the "Share Option Grantees") to subscribe for the same number of ordinary shares of the Company. During the period ended 30 Jun 2015, 1,165,173 share options were exercised. Details of the grant of share options were disclosed in the Company's announcement dated 30 October 2014.

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 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. 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 2015, 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 2015.

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 2015.

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 2015, rental payments under non-cancellable operating leases on office premises amounted to HK\$29,266,000 (31 December 2014: HK\$33,220,000).

On 29 May 2014, Reorient Global Limited (“Reorient Global”), a wholly owned subsidiary of the Company, entered into a subscription agreement with KuangChi Science Limited (“KuangChi”), pursuant to which, Reorient Global was to subscribe 66,666,666 new ordinary shares fully paid at the subscription price of HK\$0.08 per share and 107,333,334 new preferred shares partly paid as to HK\$0.004 per new preferred share (representing 5% of the subscription price of HK\$0.08 per preferred share), on completion of subscription dated 22 August 2014. Reorient Global shall fully pay up the preferred shares in two equal tranches, with the first and second tranche to be fully paid up within six months and one year of completion of the subscription agreement at 95% each tranche, respectively, payable by Reorient Global to KuangChi in accordance with the subscription agreement. The total investment amounted to approximately HK\$13,920,000. Details of the transaction were disclosed in the announcement of the Company dated 21 August 2014. As of the reporting period, Reorient Global had a commitment to fully pay up the second tranche of the preferred shares.

On 17 February 2015, First Bonus International Limited (“First Bonus”), a wholly-owned subsidiary of the Company, entered into a conditional subscription agreement with EDS Wellness Holdings Limited (“EDS Wellness”). Pursuant to the subscription agreement, First Bonus has agreed to subscribe 13,494,090 new ordinary shares of EDS Wellness for a cash consideration of HK\$5,398,000. Details of the transaction were disclosed in the announcement of EDS Wellness dated 15 April 2015. As of the reporting period, the above subscription transaction has not been completed and no shares have been allotted and issued by EDS Wellness to First Bonus.

On 14 April 2015, Reorient Global entered into a conditional subscription agreement with 21 Holdings Limited (“21 Holdings”). Pursuant to the subscription agreement, Reorient Global has agreed to subscribe 39,256,662 new ordinary shares of 21 Holdings for a cash consideration of HK\$15,703,000. Details of the transaction were disclosed in the announcement of 21 Holdings dated 13 May 2015. As of the reporting period, the above subscription transaction has not been completed and no shares have been allotted and issued by 21 Holdings to Reorient Global.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2015 and 31 December 2014.

Staffing and Remuneration

As at 30 June 2015, the Group employed 62 full time employees, of which 55 were located in Hong Kong, two in the United States and five were located in the People’s Republic of China. The remuneration of employees includes salaries and discretionary bonuses. The Group also adopted share option and share award schemes to provide an incentive to the employees.

The remuneration policy and package, including the share options and share awards, 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 ended 30 June 2015, 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 2015.

All other information on the Corporate Governance Code of the Company has been disclosed in the corporate governance report contained in the 2014 Annual Report of the Company issued in January 2015.

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 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, Mr. Chu Chung Yue, Howard, Mr. Liu Zhengui, and Dr. Wong Yau Kar, David, BBS, JP. 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 2015 have been reviewed by the Audit Committee.

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

Hong Kong, 5 August 2015

As at the date of this announcement, the Board comprises Mr. Ko Chun Shun, Johnson, 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. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).