

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.



**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The board of directors (the “Board”) of REORIENT GROUP LIMITED (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 (the “reporting period”).

CEO's Statement

The year 2015 represents an important milestone for Reorient Group (the "Group"). In May 2015, investors led by Yunfeng Financial Holdings Limited ("YFHL") agreed to inject approximately HK\$3.9 billion of fresh equity capital into the Group. The transaction was completed in November, and on completion YFHL gained control of 55.97% of the enlarged share capital the Company. Under the full support of YFHL, the retail business segment of the Group is setting its sights on the long-term objective of developing and becoming the operator of the industry's preeminent fin-tech based personalised wealth management services platform - ultimately the first-choice wealth management platform for customers in China to reach the global markets, and for global markets and customers to enter China. At the same time, the long-term objective for the Group's corporate finance business segment is to become the advisor of choice for onshore Chinese corporates expanding into offshore capital markets or considering M&A activities.

For the Group, the capital investment by YFHL has brought not only new capital, but also new and exciting business prospects, visions and strategies. For our employees, this investment has meant new developments horizons and platform; for our customers, this is the beginning of a brand-new service experience. And, for all our shareholders, we see continuous value creation with new opportunities.

Our vision for the future of wealth management services is forged from our understanding of the China market. With their rich experience in the Chinese consumer e-commerce market, and their extensive business networks, YFHL and its shareholders understand the uniqueness of the China market, and the demands, potential markets, consumption patterns, and wealth management needs of our target customers. This gives our Group a unique vantage point. Added to this, one of the key objectives of the policies in the Thirteen Five-year Plan of the Central Government in China is comprehensive establishment of a moderately prosperous society in China. In the long-run, we see incomes and personal wealth of mainland Chinese (especially upper middle class to high net worth individuals) increasing gradually, which, combined with the irreversible internationalization of the RMB, will generate enormous demands for premium wealth management services.

To implement these strategies, we are: (i) continuing to optimise and rationalise the Group's business lines, staffing and financial assets portfolio; (ii) increasing capacities in existing businesses and further upskilling in brokerage, investment banking and financial advisory, asset allocation, wealth management and risk management solutions; (iii) utilising the internet and big data technologies, and cross border resources accessed through the shareholders of YFHL; and (iv) acquiring and initiating opportunities that provide synergies for wealth management businesses, financial technologies, as well as our existing businesses.

In the few short months since the capital injection, initial progress and results have been swift, including: seamless transition from old to new management structures, further recruitments of core management team members, rationalizing of non-core business segments, scheduled disposal of non-core financial assets, building of a infrastructure and product development team (currently around 30 strong and fully in operation). The Group's inaugural product, a mobile securities trading application ("Majik Wealth" or "齐骥财富"), recently debuted at the Alipay Red Packet Segment (支付宝红包活动) during CCTV's Spring Festival Gala for the Year of the Monkey (中央电视台猴年春节联欢晚会) – initiating the product's mass brand-building through the age-old tradition of handing out red packets. The Group has also seized the opportunity provided by the latest supplement to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), to establish a joint venture securities company in China, committing an initial RMB 430 million on execution of the joint venture agreement, and now pursuing a regulatory license application procedures in the hope that the joint venture may obtain the requisite license within the year.

The year of 2016 sets the stage for the Group's new business strategies. From our solid foundations, implementation of the Group's business plans will be done through meticulous and orderly execution and planning – continuing core infrastructure and systems enhancements, and tightening Group corporate governance. Meanwhile, we will pay close attention to external economic changes. Since 2015, global economic conditions have been in turmoil. With expected changes to the RMB exchange rate, initiation of a US interest rate hike cycle and a continuing oil slump, we are expecting to see continuing downward pressures on the Chinese economy and regional political uncertainties well into 2016. This gloomy and unpredictable 'New Normal' economic status quo will bring new challenges and opportunities alike. But, with the Group's current cash-rich and zero-debt balance sheet, the Group is well-positioned for these challenges and opportunities. We firmly believe the downward pressures on China's economy represent an inevitable step in a broader structural adjustment. We are optimistic in the long-term healthy development of China's economy.

Lastly, I would like to take this opportunity to express my gratitude to the Group's staff for their dedication and hard work, and their persistent support for the customers of the Group. I sincerely thank all our shareholders for their trust and support.

Li Ting
Chief Executive Officer

Hong Kong, 18 February 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Company's strategy on future development

In November 2015, the Company completed the subscription of new shares of the Company by YFHL, and currently YFHL controls 55.97% of the issued share capital of the Company. The development strategy of the Company subsequent to the completion of the subscription was set out in the circular in relation to such subscription issued to shareholders by the Company on 18 August 2015 (hereinafter referred to as the "Circular"). The Company has undertaken that, it would carry out a detailed review of the Group's development strategy subsequent to the completion of the subscription, and the relevant review work has been in orderly progress. Recently, the Company has completed a phased review. The general direction of development will remain to become an innovative internet financial services institution and a wealth management platform, providing comprehensive financial and wealth management services spanning both local and overseas capital markets. To implement the development strategy, the Company will (i) continue to optimise and rationalise the business activities, personnel deployment and assets portfolio (in particular, reduce the holdings of financial assets in due course); (ii) strengthen the existing business and continue to reinforce its expertise in the areas of brokerage, investment and corporate advisory, asset allocation, wealth management and risk management solutions; (iii) leverage on YFHL's capabilities in internet technology and big data as well as its advantage in cross-border resources; (iv) acquire or establish a presence in businesses related to private wealth management and financial technology, and invest in projects that bring synergies to existing businesses. The Company considers that the above mentioned development strategy has no material difference essentially from the development strategy as set out in the Circular.

The turnover and revenue by each business line were as follows:

For the year ended 31 December, HK\$ million

	2015	2014	Change
Brokerage			
- Turnover	4,782.5	11,495.4	-58%
- Revenue	11.0	24.4	-55%
Consultancy and advisory			
- Revenue	182.9	105.7	+73%

Brokerage Business

The Group provides brokerage services for securities in Hong Kong, Shanghai via Shanghai-Hong Kong Stock Connect scheme and major exchanges in overseas countries.

Primarily due to recent market slump, the Group's recorded a 55% decrease of commission income generated from securities brokerage compared to prior year.

Financial Consultancy and Advisory Business

Financial consultancy and advisory business of the Group maintained a strong growth in 2015 and generated a total income of HK\$182.9 million, representing a growth of about 73% from that in 2014. We received listed shares of clients as part of the fees in respect of a project. These arrangements generated gain from holding these listed shares based on their market value as at the end of the year, which was recorded as other income in the consolidated income statement.

The Group considers that there is still a substantial demand from Chinese entities to establish their capital market platform in Hong Kong. The Group has built a strong reputation in this market segment, and will continue to focus on advisory work in respect of M&A and other fund raising activities to generate higher fees and margins.

Consolidated financial results

The financial highlights of the Group were as follows:

Consolidated profit and loss analysis for the year ended 31 December, HK\$ million

	2015	2014	Change
Revenue	194.0	133.4	+45%
Other net (loss)/income	(99.9)	920.5	-
(Loss)/profit before taxation	(77.9)	759.3	-
(Loss)/profit for the year	(157.0)	758.9	-
(Loss)/profit attributable to owners	(152.4)	758.9	-
Basic (loss)/earnings per share (HK\$)	(0.21)	1.73	-
Final dividend proposed	-	-	-

The net loss for the year was HK\$157.0 million versus a profit of HK\$758.9 million recorded in 2014. The net loss for the year was mainly due to the disposal of KuangChi Science Limited shares (“KuangChi”) which resulted in a net loss of HK\$471.6 million. However, when compared against the historical acquisition cost of KuangChi, the disposal resulted in a net gain of approximately HK\$429.8 million. The increase in profits tax for the year is due to the recognition of current tax provision in respect of the disposal of KuangChi and deferred tax provision for the unrealised gain from other financial assets, with the total amount of HK\$61.9 million. The disposal details of shares in KuangChi Science Limited are as disclosed in the announcement of Reorient Group Limited dated 18 December 2015. The aforementioned equity investment was accounted for as financial instruments at fair value through profit or loss in the Group’s consolidated financial statements.

The financial assets position is monitored by the Group’s Governance Committee and the Chief Executive Officer. Although, the value of other proprietary investments may significantly fluctuate from time to time as a result of the changes in market value of the investments; however, when compared against the historical acquisition cost, the portfolio is expected to generate revenue.

Consolidated other gain/(loss) analysis for the year ended 31 December, HK\$ million

	2015	2014	Change
Net unrealised gain on financial assets at fair value through profit or loss	228.0	920.5	-75%
Net realised loss on financial asset at fair value through profit or loss	(327.9)	-	-
Total (loss)/gain on financial assets at fair value through profit or loss	(99.9)	920.5	-

The significant decrease in other gain is due to net realised loss on the financial assets at fair value through profit or loss resulted from disposal of KuangChi Science Limited shares mentioned above. The resultant net loss is based on the sale and purchase consideration for KuangChi shares minus the fair value of KuangChi shares as at 31 December 2015.

Consolidated financial position analysis as at 31 December, HK\$ million

	2015	2014	Change
Total assets	5,087.5	1,360.8	+2.7 times
Total equity	4,761.3	1,020.9	+3.7 times
Owner's equity	4,760.3	1,014.9	+3.7 times
- Per share (HK\$)	1.98	2.23	-11%

The Group's total shareholders' equity amounted to approximately HK\$4,761.3 million as at 31 December 2015 as compared to the total shareholders' equity of HK\$1,020.9 million reported at the end of last year. The significant increase is mainly due to the issuance of share capital with the net proceed of approximately HK\$3,878.7 million.

Prospects

2016 sets the stage for the Group's new business strategy. We will put in more resources and continue to recruit appropriate talents for the development of finance technology-related systems and products. Corresponding expenses are expected to increase as compared with the 2015's figures. While the global economic environment has been in turmoil since 2015, the global financial market, including China's A share market and Hong Kong Stock market, has experienced volatile fluctuations with the overall trading volume significantly reduced. These uncertainties are expected to continue into 2016. The brokerage business, which is heavily dependent on shares trading volume, will be hard pressed in terms of commission income. In response to the new situation, we have already launched the mobile trading application, Majik Wealth (齊驥財富), with an aim to enhance user experience and gradually increase customer base. With respect to our corporate finance segment, we are of the view that the demand of Chinese companies for building capital market platforms in Hong Kong will remain high. With our established reputation in the market, we will continue to focus on providing consultation service in acquisitions and mergers and other fund-raising activities, which can bring better returns with higher fees and margins. Recently, we entered into an agreement to establish a joint-venture securities company in China, which is owned as to 43% by the Group. The Group has contributed RMB430 million in the initial phase. We are now submitting the application to China Securities Regulatory Commission for the official business license, which is expected to be issued within this year. The Group believes that the joint-venture securities company will bring enormous competition advantage to the platform of the Group's financial services business.

Liquidity and Financial Resources

As at 31 December 2015, the Group had cash and cash equivalents of approximately HK\$4,162.9 million (31 December 2014: HK\$74.6 million). As at the end of the reporting date, the current ratio was measured at 16.4 times (31 December 2014: 2.2 times). The Group had no bank and other borrowing at the end of the reporting period (31 December 2014: nil).

Capital Structure

(i) Issue of shares under share option scheme

During the year ended 31 December 2015, 1,165,173 share options were exercised. 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. Details of the grant of share options were disclosed in the Company's announcement dated 30 October 2014.

(ii) Issue of subscription shares

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 55.97% 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. The subscription is completed on 9 November 2015, and Jade Passion becomes the new controlling shareholder and Yunfeng becomes the ultimate holding shareholder of the Company.

After deducting the expenses in connection with the transaction amounting to HK\$6,358,000, the net proceeds from the subscription is HK\$3,878,682,000.

Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company’s circular dated 18 August 2015.

Equity Price Risk

The Group is exposed to equity price changes arising from equity investments and derivative instruments classified as financial assets at fair value through profit or loss held by the Group. The underlying equity securities of the Group’s unlisted derivative are listed on The Stock Exchange of Hong Kong Limited. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are dealt with in the consolidated income statement. The performance is monitored regularly, together with an assessment of its relevance to the Group’s strategic plans.

At 31 December 2015, it is estimated that an increase or decrease of 5% in the relevant stocks, with all other variables held constant, would have increased the Group’s profit after tax (and retained earnings) of HK\$17,616,000 (2014: HK\$46,243,000) or decreased the Group’s profit after tax (and retained earnings) of HK\$ 17,597,000 (2014: HK\$46,451,000).

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 grounds 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 Renminbi. Management of the Group monitors the foreign exchange exposure and will hedge significant foreign currency exposure should the need arise.

During the year ended 31 December 2015, the Group did not engage in the use of other financial instruments for hedging purposes, and there were no hedging instruments outstanding as at 31 December 2015.

Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any other material acquisitions and disposals of subsidiaries and associates during the year ended 31 December 2015.

Charges 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\$30,000,000 for a bank overdraft facility.

Commitments

As at 31 December 2015, rental payments under non-cancellable operating leases on office premises amounted to HK\$38,183,000 (31 December 2014: HK\$33,220,000).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2015.

Staffing and Remunerations

As at 31 December 2015, the Group employed 87 full time employees, 60 of which were located in Hong Kong, 2 in the United States and 25 in the People's Republic of China. The remuneration of employees includes salary and discretionary bonus. 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 reviewed annually by the management.

Consolidated Income Statement

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	3	193,967	133,370
Other operating income	4	3,475	2,585
Other net (loss)/income	5	(99,899)	920,486
		97,543	1,056,441
Staff costs	6(a)	(107,613)	(237,490)
Depreciation		(2,567)	(3,583)
Other operating expenses	6(b)	(66,555)	(55,908)
(Loss)/profit from operations		(79,192)	759,460
Finance costs	6(c)	(60)	(154)
Share of results of associates		567	(1,193)
Provision for impairment loss of interest in an associate		(714)	-
Provision for impairment loss	6(d)	(16,588)	-
Gain on disposal of an associate		18,118	1,214
(Loss)/profit before taxation	6	(77,869)	759,327
Income tax	7	(79,172)	(450)
(Loss)/profit for the year		(157,041)	758,877
(Loss)/profit attributable to equity shareholders of the Company		(152,419)	758,856
(Loss)/profit attributable to non-controlling interests		(4,622)	21
(Loss)/earnings per share attributable to equity shareholders of the Company			
Basic (<i>HK\$</i>)	9(a)	(0.21)	1.73
Diluted (<i>HK\$</i>)	9(b)	(0.21)	1.73

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss)/profit for the year	(157,041)	758,877
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of results of foreign operations	<u>(612)</u>	<u>(156)</u>
Total comprehensive income for the year	<u>(157,653)</u>	<u>758,721</u>
Total comprehensive income for the year attributable to:		
- equity shareholders of the Company	(152,722)	758,776
- non-controlling interests	<u>(4,931)</u>	<u>(55)</u>
	<u>(157,653)</u>	<u>758,721</u>

Consolidated Statement of Financial Position

At 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,930	5,289
Goodwill and other intangible assets		550	550
Interests in associates		-	27,311
Financial assets at fair value through profit or loss	11	-	556,427
Other non-current assets		15,260	8,856
Total non-current assets		29,740	598,433
Current assets			
Financial assets at fair value through profit or loss	11	410,620	426,387
Accounts receivable and accrued income	12	296,254	220,576
Other receivables, deposits and prepayments		18,669	16,828
Bank balance – trust and segregated accounts		169,319	23,999
Cash and cash equivalents		4,162,922	74,620
Total current assets		5,057,784	762,410
Current liabilities			
Accounts payable	13	197,621	191,690
Accrued expenses and other payables	14	48,938	147,802
Current taxation		61,451	450
Total current liabilities		308,010	339,942
Net current assets		4,749,774	422,468
Non-current liabilities			
Deferred tax liabilities		18,171	-
NET ASSETS		4,761,343	1,020,901
EQUITY			
Share capital and other statutory capital reserves	15	4,499,548	614,919
Other reserves		260,759	400,015
		4,760,307	1,014,934
Non-controlling interests		1,036	5,967
TOTAL EQUITY		4,761,343	1,020,901

Notes to the Financial Statements

1 General information

REORIENT GROUP LIMITED (the “Company”) is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is Suites 3201-3204, One Exchange Square, 8 Connaught Place, Central, Hong Kong. The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (collectively the “Group”) and the Group’s interests in associates.

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

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

2 Significant accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standards that are not yet effective for the current accounting period.

The financial report, which has been reviewed by the Company’s Audit Committee, is prepared on a basis consistent with the accounting policies and methods adopted in the 2014 annual financial statements except for the changes in accounting policies described in note 2(c).

The unaudited financial information relating of the year ended 31 December 2015 and the financial information relating to the year ended 2014 included in this preliminary announcement of annual results does not constitute the Group's statutory annual consolidated financial statements for those years but, in respect of the year ended 2014, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The consolidated financial statements for the year ended 31 December 2015 have yet to be reported on by the Group's auditor and will be delivered to the Registrar of Companies in due course.

The Group has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Group's auditor has reported on these financial statements for the year ended 31 December 2014. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain as statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

(b) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the derivative financial instruments and financial assets designated as at fair value through profit or loss are stated at their fair value.

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

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

(c) **Changes in accounting policies**

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

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

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

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 year. An analysis of the Group's revenue for the year is as follows:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Brokerage commission	10,965	24,350
Consultancy and advisory fees	182,908	105,710
Placing and underwriting commission	-	3,080
Interest income from clients	94	230
	<u>193,967</u>	<u>133,370</u>

4 Other operating income

	2015 HK\$'000	2014 <i>HK\$'000</i>
Handling and settlement fees	811	1,050
Other interest income	1,356	1,200
Research fee	1,245	335
Miscellaneous income	63	-
	<u>3,475</u>	<u>2,585</u>

5 Other net (loss)/income

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		
- Convertible preferred shares	-	555,997
- Options	13,322	(1,357)
- Equity investment listed outside Hong Kong	19,435	-
- Equity investment listed in Hong Kong	195,238	365,846
	<u>227,995</u>	<u>920,486</u>
Net realised gain/(loss) on financial assets at fair value through profit or loss		
- Equity investment listed outside Hong Kong	157	-
- Equity investment listed in Hong Kong	(328,051)	-
	<u>(327,894)</u>	<u>-</u>
Total other net (loss)/income	<u>(99,899)</u>	<u>920,486</u>

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(a) <i>Staff costs</i>		
Commission paid	1,312	111
Equity-settled share-based payment expenses	15,734	18,478
Salaries, allowances and benefits in kind (note 14)	89,687	217,987
Contributions to Mandatory Provident Fund	880	914
	<u>107,613</u>	<u>237,490</u>

(b) Other operating expenses		
Auditors' remuneration	1,385	1,200
Legal and professional costs	7,282	6,445
Operating lease payments - property rentals	11,822	6,496
Information, data and communication expenses	16,430	14,574
Provision for impairment loss of accounts receivable	389	2,095
Net exchange loss	1,277	295
Entertainment and travelling	5,652	11,076
	<u> </u>	<u> </u>
(c) Finance costs		
Interest expense on bank loans and overdrafts	51	21
Others	9	133
	<u> </u>	<u> </u>
	60	154
	<u> </u>	<u> </u>
(d) Provision for impairment loss of		
- goodwill	3,484	-
- other receivables	13,104	-
	<u> </u>	<u> </u>
	16,588	-
	<u> </u>	<u> </u>

7 Income tax

(a) Taxation in the consolidated income statement represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	60,849	450
Under-provision in respect of prior years	152	-
	<u> </u>	<u> </u>
Total tax charge for the year	61,001	450
	<u> </u>	<u> </u>
Deferred tax		
Original and reversal of temporary differences	18,171	-
	<u> </u>	<u> </u>
Total tax charge for the year	79,172	450
	<u> </u>	<u> </u>

The provision for Hong Kong profits tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) *Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:*

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit before taxation	<u>(77,869)</u>	<u>759,327</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the countries concerned	(13,776)	125,289
Tax effect of non-deductible expenses	58,895	1,148
Tax effect of non-taxable revenue	(9,511)	(92,040)
Tax effect of utilisation of tax losses previously not recognised	(1,599)	(34,223)
Tax effect of tax losses not recognised	1,115	-
Under-provision in prior years	152	-
Others	<u>43,896</u>	<u>276</u>
Actual tax expense	<u>79,172</u>	<u>450</u>

8 Dividend

No dividend was paid or proposed for the year ended 31 December 2015 (2014: nil), nor has dividend been proposed since the end of the reporting period.

9 (Loss)/earnings per share

(a) *Basic (loss)/earnings per share*

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2015 of HK\$152,419,000 (2014: a profit of HK\$758,856,000), and the weighted average number of shares in issue during the year ended 31 December 2015 of 733,062,612 (2014: 438,209,142).

(b) *Diluted (loss)/earnings per share*

The calculation of diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company for the year ended 31 December 2015 of HK\$152,419,000 (2014: a profit of HK\$758,856,000), and the weighted average number of shares during the year ended 31 December 2015 of 733,062,612 (2014: 438,250,077).

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 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*

	<i>2015</i>			
	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	10,965	-	182,908	193,873
Interest income from clients	94	-	-	94
Allocated other operating income	2,119	-	-	2,119
Allocated operating costs	(44,663)	(7,111)	(40,934)	(92,708)
Allocated finance costs	(47)	(5)	-	(52)
Reportable segment (loss)/profit	(31,532)	(7,116)	141,974	103,326
Unallocated other operating income				1,356
Net loss on financial assets at fair value through profit or loss				(99,899)
Share of results of associates				567
Gain on disposal of an associate				18,118
Provision for impairment loss of interest in an associate				(714)
Provision for impairment loss of other receivables				(13,104)
Provision for impairment loss of goodwill				(3,484)
Depreciation				(2,567)
Finance costs				(8)
Legal and professional expenses				(5,717)
Taxation				(79,172)
Other central administrative costs				(75,743)
Loss for the year				(157,041)

	<i>2014</i>			
	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	24,350	3,080	105,710	133,140
Interest income from clients	230	-	-	230
Allocated other operating income	1,385	-	-	1,385
Allocated operating costs	(66,941)	(9,702)	(43,119)	(119,762)
Allocated finance costs	(11)	(1)	-	(12)
Reportable segment (loss)/profit	(40,987)	(6,623)	62,591	14,981
Unallocated other operating income				1,200
Net gain on financial assets at fair value through profit or loss				920,486
Gain on partial disposal of an associate				1,214
Share of results of associates				(1,193)
Depreciation				(3,583)
Finance costs				(142)
Legal and professional expenses				(4,784)
Taxation				(450)
Other central administrative costs				(168,852)
Profit for the year				<u>758,877</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 and liabilities 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.

(d) Information about major customers

		Revenue from major customers	
Operating Segment		2015	2014
		<i>HK\$ '000</i>	<i>HK\$ '000</i>
Customer A	Consultancy and advisory	58,100	N/A ¹
Customer B	Consultancy and advisory	36,304	17,850
Customer C	Consultancy and advisory	26,945	24,925

¹ The transactions with this customer did not account for more than 10% of the total revenue of the Group for the year ended 31 December 2014.

11 Financial assets at fair value through profit or loss

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<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	-	556,427
<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	337,182	413,911
- Equity investment listed outside Hong Kong	47,844	204
Held for trading		
- Options	25,594	12,272
	<u>410,620</u>	<u>426,387</u>

12 Accounts receivable and accrued income

	2015 HK\$'000	2014 <i>HK\$'000</i>
Accounts receivable arising from securities brokerage:		
– Cash clients	29,059	167,798
– Margin clients	26,122	26,122
– Clearing house, brokers and dealers	5	1,402
	<u>55,186</u>	<u>195,322</u>
Accounts receivable arising from consultancy and advisory services		
– Corporate clients	26,037	53,535
Accounts receivable arising from disposal of financial assets at fair value through profit or loss	243,700	-
	<u>324,923</u>	<u>248,857</u>
Less : allowance for doubtful debts	<u>(28,669)</u>	<u>(28,281)</u>
	<u><u>296,254</u></u>	<u><u>220,576</u></u>

The balances of accounts receivable from consultancy and advisory services include fees accrued for on-going advisory projects which have not been billed amounting to HK\$1,763,000 (2014: HK\$38,313,000).

The fair value of accounts receivable approximates its carrying amount. The accounts receivable arising from disposal of financial assets at fair value through profit or loss has been settled subsequent to the reporting date.

(a) *Ageing analysis of accounts receivable*

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current	<u>274,255</u>	<u>207,063</u>
Less than 1 month past due	13,436	710
1 to 3 months past due	7,039	409
More than 3 months past due	<u>1,524</u>	<u>12,394</u>
Amounts past due	<u><u>21,999</u></u>	<u><u>13,513</u></u>
	<u><u>296,254</u></u>	<u><u>220,576</u></u>

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

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

Included in the Group's accounts receivable balance are debtors with an aggregate carrying amount of HK\$21,999,000 (2014: HK\$13,513,000) which are past due at the end of the reporting period for which the Group has not made provision for impairment loss.

Accounts receivable from cash clients which are past due but not impaired represent client trades on the The Stock Exchange of Hong Kong Limited (2015: HK\$264,000, 2014: HK\$57,000) and Australian Securities Exchange Limited (2015: HK\$nil, 2014: HK\$450,000) respectively which are unsettled beyond the settlement date. No impairment loss was provided for these balances as either the Group held securities collateral for those balances with fair values in excess of the past due amounts or the balances have been settled subsequently. Collaterals held against such accounts receivable are publicly traded securities.

Accounts receivable from corporate clients of HK\$21,735,000 (2014: HK\$13,006,000) which are past due but not impaired represent accounts receivable arising from provision of corporate finance, consultancy and advisory services which have not yet been settled and aged by their invoice date. No impairment loss was provided for these balances as these clients are trade counterparties with sound credit rating and/or reputation.

(c) ***Impairment of accounts receivable***

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	28,281	26,606
Provision for impairment loss recognised	389	2,095
Amount recovered during the year	(1)	(16)
Amount written off	-	(404)
	<hr/>	<hr/>
At 31 December	<u>28,669</u>	<u>28,281</u>

Included in the allowance for doubtful debts were individually impaired accounts receivable which have financial difficulties in making payments. Among the allowance for doubtful debts, approximately HK\$26,122,000 (2014: HK\$26,122,000) relates to individually impaired margin clients accounts receivable, HK\$174,000 (2014: HK\$132,000) relates to individually impaired accounts receivable arising from the business of dealing in securities and HK\$2,373,000 (2014: HK\$2,027,000) relates to impaired accounts receivable from corporate clients.

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

13 Accounts payable

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts payable		
- Cash clients	171,927	28,489
- Brokers and dealers	25,694	163,201
	<hr/>	<hr/>
	<u>197,621</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\$169,319,000 (2014: HK\$23,999,000)

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

14 Accrued expenses and other payables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accrued staff costs	38,687	141,168
Stamp duty, trading levy and trading fee payables	86	119
Other payables	10,016	5,984
Amount due to directors	149	531
	<u>48,938</u>	<u>147,802</u>

All accrued expenses and other payables are expected to be settled within one year or will be settled in the Group's normal operating cycle. During the year, bonus provision accrued in 2014 amounting to HK\$40,650,000 (2014: HK\$nil) was reversed.

15 Share Capital

The transition to the no-par value regime under the Companies Ordinance occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Companies Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Companies Ordinance.

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

	2015 Number of shares	<i>HK\$'000</i>	2014 Number of shares	<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	1,942,520,000	3,878,682	17,021,277	39,901
Shares issued under share option scheme	1,165,173	5,947	9,330,239	34,055
Balance carried forward	<u>2,399,336,394</u>	<u>4,499,548</u>	<u>455,651,221</u>	<u>614,919</u>

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

SCOPE OF WORK OF AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

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

During the year ended 31 December 2015, other than acting as an agent for clients of the Group, 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 year ended 31 December 2015, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee comprised five independent non-executive directors, Mr. Chu Chung Yue, Howard, Mr. Lin Lijun, Mr. Qi Daqing, 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 Group's consolidated financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee.

For and on behalf of
REORIENT GROUP LIMITED

Li Ting

Executive Director and Chief Executive Officer

Hong Kong, 18 February 2016

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is chairman and non-executive director), Ms. Li Ting, Mr. Huang Xin and Mr. Ko Chun Shun, Johnson (who are executive directors), Ms. Hai Olivia Ou and Mr. Huang Youlong (who are non-executive directors), and Mr. Lin Lijun, Mr. Qi Daqing, Mr. Liu Zhengui, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).