



2014

ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Ko Chun Shun, Johnson (*Chairman*)
Mr. Brett McGonegal (*Chief Executive Officer*)
Mr. Chen Shengjie
Mr. Tsoi Tong Hoo, Tony
Ms. Ko Wing Yan, Samantha

Non-Executive Directors

Mr. Dorian M. Barak

Independent Non-Executive Directors

Mr. Chu Chung Yue, Howard
Mr. Liu Zhengui
Dr. Wong Yau Kar, David, BBS, JP

Audit Committee

Mr. Chu Chung Yue, Howard (*Chairman*)
Mr. Liu Zhengui
Dr. Wong Yau Kar, David, BBS, JP

Remuneration Committee

Mr. Liu Zhengui (*Chairman*)
Mr. Ko Chun Shun, Johnson
Mr. Chu Chung Yue, Howard

Nomination Committee

Mr. Ko Chun Shun, Johnson (*Chairman*)
Mr. Liu Zhengui
Mr. Chu Chung Yue, Howard

Company Secretary

Mr. Jim Pak Keung, Patrick

Auditor

KPMG
Certified Public Accountants

Bankers

HSBC
Goldman Sachs International
Hang Seng Bank

Registered Office and Principal Office

Suites 1101-03
11/F., Far East Finance Centre
16 Harcourt Road
Admiralty, Hong Kong

Share Registrar

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Website

www.reorientgroup.com

Stock Code

376

CHAIRMAN'S AND CEO'S STATEMENT

Dear Fellow Shareholders:

With a strong close to the 2014 calendar year, Reorient has provided proof of concept for the unique approach to investment banking that we launched in 2011. We reversed two years of losses with a solid performance and profit. In our year-end reviews for 2012 and 2013, we detailed the build-out of our execution platform. These efforts have been rewarded with solid and diverse sources of revenue during 2014.

2014 was a strong year for China's equity markets, which turned in the best performance of any of the world's major equity markets. China's reform program accompanied by necessary monetary easing won a clear vote of confidence from the Chinese investing public as well as global money managers. Reorient benefited both from the increased appetite of Chinese firms for business expansion as well as global demand for Chinese assets. The firm originated a number of high-profile transactions within China and overseas, and concluded the year with profits derived from a diversified base of business.

Two of Reorient's verticals contributed substantially to consultancy and advisory revenue: Investment Banking and Corporate Finance. Principal positions in equity received as compensation for origination, banking services and advisory work were the largest contributor to revenue. Reorient has and will continue to align the firm's interest with our banking customers by taking a portion of fees in the form of equity. Notable among the merchant banking transactions were Kuangchi Science (HK 439) and Frontier Services (HK 500). They reflect the reach and diversity of our business. Kuangchi, a high-tech research firm, has developed near-space technologies that could transform broadband transmission. Frontier Services offers secure logistics to Chinese and other firms in Africa and other frontier-market regions.

The performance of Reorient's merchant banking fund containing our investments in companies we served contributed the preponderance of the firm's 2014 earnings. Although a large contribution came from our investment in Kuangchi, substantial gains were recorded from several other investments, again reflecting the diversity of our business.

Reorient's Investment Banking division participated in several high-profile transactions during 2014. We acted as the sole advisor to the House of Fraser, a British department store chain, in its acquisition by Sanpower Group (Nanjing Cenbest). We advised ChinaVision on its acquisition by Alibaba. In addition, we acted as advisor in Southwest Securities' acquisition of Tanrich, a Hong Kong-listed securities firm. The House of Fraser transaction was the largest-ever acquisition of a foreign firm in the retail space by a Chinese privately-owned enterprise. We anticipate that the environment for Chinese M&A activity will improve through 2015, as state-as well as privately-owned enterprises increase their appetite for acquisitions. A challenging regulatory environment during 2014 made Chinese managers cautious about acquisitions in 2014. With the strong rise in Chinese stock market capitalization, the volume of M&A activity should increase substantially. We will continue to position the firm to take advantage of these trends.

2014 was a difficult year for equity sales and trading globally. One of Asia's largest equity brokers closed its business with several thousand redundancies. Reorient was no exception to the general rule. Institutional Sales and Trading lagged the firm's other verticals. We anticipate, however, that increased two-way flows between China and global markets will create new opportunities in this space. We have qualified as a member of the second group of Shanghai-Hong Kong Stock Connect market participants, an important opportunity to participate in growing cross-border flows.

CHAIRMAN'S AND CEO'S STATEMENT

The market for RMB financial products both in China and overseas will grow rapidly in response to financial market reforms. This will lead to a steady increase in market volume and participants thus augmenting trading opportunities and increasing the need and opportunity for RMB products. We view the Shanghai-Hong Kong Stock Connect as a very significant step in the future of China's participation in global markets. This cross border multi-currency trading facility represents the largest opening of a capital account (China's) since the introduction of the Euro in 1999. It reflects heightened confidence in China's economy and financial system. Reorient is positioned to benefit from these structural changes, with a New York branch now established and the addition of two additional senior equity trading professionals. As importantly, we aim to leverage the China reform momentum to build out our asset

management platform on a major scale offering a variety of equity and fixed income products to both Chinese and foreign investors. China's asset management industry has only recently begun to regain the momentum it lost after the 2007 disappointment with the then postponement of the "through-train" program. It has also suffered from a lack of diversity of investment products. Reorient Asset Management aims to the opportunity presented by the development of new RMB products and the demand for such products by foreign and local institutions.

We begin 2015 with a promising deal pipeline, a robust platform, and a dedicated enthusiastic team of professionals committed to enhancing shareholder value.

Sincerely,

Ko Chun Shun, Johnson
Chairman and Executive Director

Brett McGonegal
CEO and Executive Director

Hong Kong, 23 January 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall Performance

The 2014 results reflect the Group's continual transformation from the building phase to execution stage of our business plans. The strong performance from our advisory group together with the innovative equity structures positioned the Group to a significant return in 2014 and a strong base to grow from in 2015.

The Group's consolidated revenue for the year was HK\$133.4 million, representing a 72% increase from HK\$77.5 million recorded in 2013. In addition, the other net gain from financial assets for the year increase from HK\$8.0 million in 2013 to HK\$920.5 million in 2014, representing the fair value gain in our equity position. The net income for the year was HK\$758.9 million versus a loss of HK\$87.4 million recorded in 2013.

The net income for the year was mainly driven by the proprietary investments which have contributed HK\$920.5 million in unrealized holding gains for the year. The value of such investment may significantly fluctuate from time to time as a result of the changes in market value of the investments.

Brokerage Business

For the year ended 31 December 2014 (the "Year"), the total value of the transactions in relation to securities brokerage by the Group amounted to approximately HK\$11.5 billion. The Group's commission income generated from securities brokerage amounted to approximately HK\$24.4 million, representing 18% (2013: 56%) of the Group's revenue for the year.

Financial Consultancy and Advisory Business

Our financial advisory business finished 2014 with a strong quarter, as income generated

from consultancy and advisory services was HK\$105.7 million, representing 79% of the Group's revenue for the year ended 31 December 2014, an increase of 4.4 times as compared to the HK\$19.4 million recorded in 2013.

Placing and Underwriting Business

For the year ended 31 December 2014, the total value of transactions in relations to placing and underwriting by the Group amounted to approximately HK\$466.0 million. The Group's income generated from placing and underwriting amounted to approximately HK\$3.1 million, representing 2% of the Group's revenue for the year ended 31 December 2014.

Looking Forward

Going into 2015, we have built on the momentum created in the second half of 2014 with a strong deal flow in Investment Banking and Corporate Finance. We will focus on deals that create value for our clients and shareholders.

Liquidity and Financial Resources

The Group's total shareholders' equity amounted to approximately HK\$1,020.9 million as at 31 December 2014 as compared to the total shareholders' equity of HK\$161.1 million reported at the end of last year. The change was attributable to the profit reported for the year ended 31 December 2014 and the issue of equity of HK\$101.1 million.

As at 31 December 2014, the Group had cash and cash equivalents of approximately HK\$74.6 million (31 December 2013: HK\$111.1 million). As at the end of the reporting date, the current ratio was measured at 2.2 times (31 December 2013: 2.1 times). The Group had no bank and other borrowing at the end of the reporting period (31 December 2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

On 14 January 2014, the Company allotted and issued 17,805,178 new shares of the Company to Frontier Services Group Limited ("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 were disclosed in the Company's announcement dated 23 November 2013.

On 26 June 2014, arrangements were made for a private placement to independent investors of 17,021,277 shares in the Company held by Gainhigh Holdings Limited ("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. The subscription was completed on 9 July 2014 and 17,021,277 shares were issued to Gainhigh. After deducting the expenses in connection with private placement amounting to HK\$99,000, the net proceeds from placement of ordinary shares is HK\$39,901,000, of which approximately HK\$3,105,000 was used as a funding to 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 business of securities broking, corporate finance and direct investments.

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. As at the date this report, 9,330,239 share options were exercised. Details of the share option scheme were disclosed in the Company's announcement dated 30 October 2014.

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 2014, 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\$46,243,000 (2013: HK\$952,000) or decreased the Group's profit after tax (and retained earnings) of HK\$46,451,000 (2013: HK\$932,000).

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 interest in an associate 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 Year, the Group did not engage in the use of other financial instruments for hedging purposes, and there were no hedging instruments outstanding as at 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisitions and Disposals of Subsidiaries and Associates

On 18 July 2014, the Group sold 5.25% equity interest in EQ Partners Co. Ltd, for a consideration of approximately HK\$8.1 million.

Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries and associates during the year ended 31 December 2014.

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\$20,000,000 for a bank overdraft facility.

Commitments

As at 31 December 2014, rental payments under non-cancellable operating leases on office premises amounted to HK\$33,220,000 (31 December 2013: HK\$6,095,000).

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, the amount shall be payable upon receipt of written notice from ReOil, LLC and in six equal instalments. During the year, Reorient Investments has purchased 500 additional Series B Units from ReOil, LLC for a cash consideration of USD500,000. As of 31 December 2014, Reorient Investments had a commitment to purchase 100 Series B Units.

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.

On 24 November 2014, Reorient Global entered into a subscription agreement with China Star Cultural Media Group Limited. Reorient Global has agreed to subscribe for 55,192,195 new ordinary shares and 55,192,194 new convertible preferred shares for a cash consideration of HK\$22,077,000, 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 transaction has not been completed.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2014.

Staffing and Remunerations

As at 31 December 2014, the Group employed 73 full time employees, 65 of which were located in Hong Kong, 2 in the United States and 6 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ko Chun Shun, Johnson (“Mr. Ko”), aged 63, is the Chairman of the Company and an executive Director, the chairman of the nomination committee and a member of the remuneration committee of the Company. Mr. Ko joined the Board in 2011. Mr. Ko beneficially holds 75.77% interest in Gainhigh Holdings Limited (“Gainhigh”), the controlling shareholder of the Company. Mr. Ko is the father of Ms. Ko Wing Yan, Samantha, one of the executive Directors. Mr. Ko was re-designated as the deputy chairman in January 2014 and is an executive director of Frontier Services Group Limited (stock code: 00500), the chairman and an executive director of Varitronix International Limited (Stock Code: 00710), the vice-chairman and an executive director of China WindPower Group Limited (stock code: 00182) and a shareholder and an executive director of KuangChi Science Limited (stock code: 00439), the shares of which are all listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Ko is also a substantial shareholder of the Company, China WindPower Group Limited, Frontier Services Group Limited and Varitronix International Limited. Mr. Ko has extensive experience in a variety of activities, including manufacturing, securities trading, international trade, electronics and the renewable energy industry. He also has extensive experience in corporate finance, corporate restructuring, and mergers and acquisitions.

Mr. Brett McGonegal, aged 41, joined the Group in 2011 and joined the Board in 2012, is an executive Director and the Chief Executive Officer of the Company.

Mr. McGonegal manages and oversees the Group’s main businesses and brings over 15 years of industry experience to the Group. Most recently he was a Managing Director at Cantor Fitzgerald HK Capital Markets and a co-head of the Equity Sales and Trading desk. Mr. McGonegal helped Cantor Fitzgerald become a leading institutional market player in Asia by creating a top-tier sales and trading platform while contributing to the formation of an expanding Corporate Finance business focused on China.

Prior to Cantor Fitzgerald, Mr. McGonegal managed the Institutional IPO business for Charles Schwab Capital Markets as a Senior Managing Director and also helped form Etrade’s Capital Markets Institutional Sales and Trading businesses in New York.

Mr. McGonegal is a graduate of Hobart College and The Lawrenceville Prep School.

Mr. Chen Shengjie, aged 53, is an executive Director of the Company. Mr. Chen is the general manager (legal representative) of China Chengtong Resources Recycling Development & Utilization Company, a post he has held since 2004. Mr. Chen joined the Board in 2011. Mr. Chen is an EMBA graduate of Tsinghua University and is a registered accountant in the PRC. Mr. Chen has been a division chief in the Commerce and Trade Audit Department under the National Audit Office of the PRC, the assistant to the general manager of China National Nonferrous Materials Corporation (中國有色金屬材料總公司) and the chief accountant of the China Chengtong Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsoi Tong Hoo, Tony, aged 50, joined the Board in 2011, and is an executive Director of the Company. Mr. Tsoi is the chief executive officer and an executive director of Varitronix International Limited (stock code: 00710). Mr. Tsoi graduated from The University of Western Ontario, Canada with an Honors Degree in Business Administration in 1986. He was selected as one of the “Hong Kong Young Industrialists” by the Federation of Hong Kong Industries in 2010. He is an independent non-executive director of Fairwood Holdings Limited (stock code: 00052). Mr. Tsoi resigned as a non-executive director of China WindPower Group Limited (stock code: 00182) in January 2014, and has tendered his resignation as an executive director of Varitronix International Limited in December 2014, effective on 31 March 2015, the shares of these companies are listed on the Stock Exchange. Mr. Tsoi is the deputy chairman of the supervisory board of Data Modul AG, which is listed on the Frankfurt Stock Exchange.

Ms. Ko Wing Yan, Samantha, aged 35, is an executive Director. Ms. Ko is the daughter of Mr. Ko Chun Shun, Johnson. Ms. Ko joined the Board in 2011. She holds a Bachelor Degree in Economics and Mathematics from Mount Holyoke College, and a Master Degree in Finance from the Imperial College Management School in London. She has over seven years of experience in banking and has extensive experience in the securities and capital markets. She was a director of global markets — structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served in international

investment banks including Morgan Stanley (in Hong Kong) and JP Morgan Securities Limited (in London). Ms. Ko was an executive director of China WindPower Group Limited until 30 September 2014, when she was re-designated as non-executive director (stock code: 00182), and in October 2014, she was appointed as an executive director of Varitronix International Limited (stock code: 00710), the shares of these companies are listed on the Stock Exchange.

Non-executive Director

Mr. Dorian M. Barak, aged 41, joined the Group in January 2014, is a private equity investor and asset manager focused on Africa, the Middle East and Europe. He is the Managing Director of Indigo Global, which advises private clients, companies and investment funds on acquisitions, strategy and capital management, and serves on the boards of directors of companies active in the natural resources, aviation and technology sectors. Previously, Mr. Barak was the Head of Mergers & Acquisitions and the Head of International Strategy, Finance and Operations of Bank Hapoalim, Israel’s leading financial group, with assets and operations in 20 countries. Prior to joining Hapoalim, he was an attorney with the financial services group at Skadden, Arps, Slate, Meagher & Flom, and, previously, a financial services consultant with the Boston Consulting Group in New York and Chicago.

Mr. Barak holds a Bachelor’s Degree in Business Administration from University of California, Los Angeles, a Master’s Degree in Arts from Oxford University and a Juris Doctor Degree from Yale Law School.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Liu Zhengui, aged 67, is an independent non-executive Director, the chairman of the remuneration committee, and a member of the audit committee and the nomination committee of the Company. Mr. Liu joined the Board in 2011. Mr. Liu holds a bachelor degree in management engineering from HeFei University of Technology. Mr. Liu has over 40 years' experience in corporate finance and capital management. During the period from 2004 to 2009, Mr. Liu was the chairman of Bank of China Group Investment Limited (BOCGI). Prior to that, he served as the chief executive of Bank of China's branches in three different provinces for 16 years. Mr. Liu is also the vice chairman and a non-executive director of Brockman Mining Limited ("Brockman") (stock code: 00159), the shares of which are listed on the Stock Exchange.

Mr. Chu Chung Yue, Howard, aged 66, joined the Board in 2011, is an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company.

Mr. Chu was the Vice President, Asia and Chief Representative, China of Teck Resources Limited (formerly Teckcominco Limited). Mr. Chu was responsible for the development of an Asian strategy for the company, monitoring China's economic performance and promoting business development opportunities in China. Mr. Chu held various positions including corporate controller for Teck Resources Limited from 1978 to 2007 and was the Vice President, Asia and Chief Representative, China from 2007 to April 2011. Mr. Chu holds a bachelor degree in commerce from University of British Columbia and was a member of the Chartered Professional Accountants of Canada.

Dr. Wong Yau Kar, David, BBS, JP, aged 57, joined the Board in 2012, is an independent non-executive Director and a member of the audit committee of the Company. Dr. Wong holds a Ph.D degree in Economics from the University of Chicago and has extensive experience in manufacturing, direct investment, international trade and corporate finance. Dr. Wong is a Hong Kong Deputy of the 12th National People's Congress of the People's Republic of China. Dr. Wong is active in public services and was appointed a Justice of Peace (JP) in 2010 and was awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society. He is currently the chairman of the Land and Development Advisory Committee, the chairman of the Mandatory Provident Fund Schemes Authority and the Protection of Wages on Insolvency Fund Board.

Dr. Wong is currently an independent non-executive director of China WindPower Group Limited (stock code: 00182), China Jiuhaio Health Industry Corporation Limited (stock code: 00419), Shenzhen Investment Limited (stock code: 00604), Sinopec Kantons Holdings Limited (stock code: 00934) and Redco Properties Group Limited (stock code: 01622), the shares of which are all listed on the Stock Exchange.

Senior Management

Mr. Uwe Parpart, aged 73, joined the Group in 2011, is the Executive Managing Director, Chief Strategist and Head of Research of Reorient Financial Markets Limited ("RFM").

Mr. Parpart brings over three decades of experience in finance, journalism, and academia to the Group. He was most recently the Chief Economist and Strategist at Cantor Fitzgerald HK Capital Markets and prior to that a senior currency strategist at Bank of America. Mr. Parpart's experience in Asia dates back to the late 1980s, when he worked with the Mitsubishi Research Institute in Tokyo, and later served as an advisor to the Thailand's Prime Minister's office.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

He has contributed to numerous magazines and publications, was the Deputy Editor of Asia Times, contributing editor of Forbes magazine, and a columnist for Shinchosha Foresight magazine, Tokyo. He is a frequent guest on CNBC, Bloomberg, and Reuters TV.

After serving as an officer in the German Navy, Mr. Parpart received a Fulbright scholarship for graduate work in mathematics and philosophy at the University of Pennsylvania. He has taught at University of Pennsylvania and Swarthmore College.

Mr. John Maguire, aged 51, joined the Group in 2011, is the Head of Corporate Finance of RFM. Prior to joining the Group, Mr. Maguire was the Managing Director and a co-founder of OSK Capital Hong Kong Limited (formerly Ernst & Young Corporate Finance Limited) from 2000 to 2011. Before that, Mr. Maguire was the Executive Director of Worldsec Corporate Finance Limited (an associate of Bank of Tokyo-Mitsubishi) responsible for Worldsec's investment banking activities in Hong Kong and South East Asia from 1995 to 2000. Prior to relocating to Hong Kong in 1991, Mr. Maguire worked as a solicitor in the City of London.

Mr. Maguire is a member of the Listing Committee of The Stock Exchange of Hong Kong Limited. Mr. Maguire is the Deputy Chairman of the Takeovers and Mergers Panel, a Member of the Takeovers Appeal Committee and a Member of the Securities and Futures Commission's Committee on Real Estate Investment Trusts. Mr. Maguire is also a Director of the Hong Kong Securities and Investment Institute, a Member of the Institute's Executive Committee, and the Chairman of the Institute's Membership Committee.

Mr. Maguire is a solicitor admitted in Hong Kong and in England and Wales (non-practicing) and is a Senior Fellow Member of the Hong Kong Securities and Investment Institute.

Mr. David Goldman, aged 63, joined the Group in 2013, is the Managing Director and the Head of Americas of RFM, providing the Group's clients with strategic advice, and adding global coverage to complement the firm's resources and expertise in Asia. In addition to macro analysis, Mr Goldman is also responsible for growing the Group's relationships with institutional investors and investment banking clients in the Western Hemisphere.

Mr. Goldman joined from Macrostrategy LLC, a financial consulting firm. He was previously the global head of debt research and a member of the fixed income executive committee at Bank of America. He has also held senior positions at Credit Suisse, where he was elected to Institutional Investor's All-America Fixed Income team as General Strategist, and at Cantor Fitzgerald. Mr. Goldman is a widely-cited and respected writer on finance as well as global affairs. He is a Fellow at the London Center for Policy Research and the Middle East Forum and is a member of the Board of Advisors of Sino-Israel Government Network and Academic Leadership.

Mr. Bryan C. Zolad, aged 39, joined the Group in 2013, is the Managing Director, Chief Operating Officer ("COO") of RFM. Mr. Zolad brings over 12 years of industry experience to the Group. Most recently, he was a director at Barclays Capital Asia Limited in Hong Kong, as part of the regional Investment Banking COO team. Prior to Barclays, Mr. Zolad was with Nomura and Lehman Brothers in Hong Kong. Mr. Zolad relocated to Hong Kong from New York City in 2008 with Lehman Brothers.

Mr. Zolad holds a Bachelor of Science degree from Babson College in Wellesley, Massachusetts.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Cecil Ho, aged 54, joined the Group in 2011, is the Chief Financial Officer of the Company. He is also a director of a number of subsidiaries of the Company. Mr. Ho is an executive director and company secretary of Varitronix International Limited (stock code: 00710). Mr. Ho holds a Bachelor of Commerce degree from the University of British Columbia, Canada. He is a member of the Chartered Professional Accountants of Canada and the Hong Kong Institute of Certified Public Accountants.

Mr. Patrick Jim, aged 48, joined the Group in 2011, is the Financial Controller of the Group and was appointed the Secretary of the Company in 2012. Mr. Jim has a Post-graduate Diploma in Accountancy from Sheffield City Polytechnic, United Kingdom and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of REORIENT GROUP LIMITED (the "Company") is committed to maintaining high standards of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for attracting and retaining high calibre and talented management, promoting high standards of accountability and transparency and meeting the expectations of all the shareholders of the Company (the "Shareholders").

The principles of corporate governance adopted by the Company and its subsidiaries (collectively the "Group") stress the importance of a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

Throughout the year ended 31 December 2014 (the "Year"), 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 Rules Governing the Listing of Securities (the "Listing Rules").

Model Code of Conduct for Securities Transactions

The Company has adopted the code of conduct (the "Code") 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 of the Company (the "Directors") have confirmed that they have complied with the required standards as stated in the Model Code throughout the Year.

The Board

The Board, led by the chairman (the "Chairman"), is responsible for the formulation of the Group's strategies and policies, approval of annual budgets and business plans, regulating and reviewing internal controls, formulating the Group's corporate governance policy, and supervising the management of the business operations of the Group to ensure that its business objectives are met. The Board also ensures adequacy of resources, qualifications and experience of the Board members. The management of the Group is responsible for the day-to-day operations of the Group.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Group. The Board comprises the following Directors during the Year and up to the date of this report:

Executive Directors

Mr. Ko Chun Shun, Johnson (*Chairman*)
Mr. Jason Boyer (*Vice Chairman*)
(resigned on 23 January 2015)
Mr. Brett McGonegal (*Chief Executive Officer*)
Mr. Chen Shengjie
Mr. Tsoi Tong Hoo, Tony
Ms. Ko Wing Yan, Samantha

Non-executive Director

Mr. Dorian M. Barak
(appointed on 16 January 2014)

Independent non-executive Directors

Mr. Chu Chung Yue, Howard
Mr. Ding Kebai
(resigned on 23 January 2015)
Mr. Liu Zhengui
Dr. Wong Yau Kar, David BBS, JP

CORPORATE GOVERNANCE REPORT

The Directors and their brief biographical details are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

Mr. Ko Chun Shun, Johnson (“Mr. Ko”), an executive Director and the Chairman of the Company, is the father of Ms. Ko Wing Yan, Samantha (“Ms. Ko”), an executive Director. Mr. Ko, Ms. Ko and Dr. Wong Yau Kar, David are directors of China WindPower Group Limited. And Mr. Ko and Mr. Tsoi Tong Hoo, Tony are directors of Varitronix International Limited (“Varitronix”), to which, Mr. Tsoi Tong Hoo, Tong, will resign as a director of Varitronix with effect from 31 March 2015. The shares of the above companies are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Save as disclosed in the “Biographical Details of Directors and Senior Management” of this annual report, there are no financial, business, family or other material/relevant relationships between Board members and between the Chairman and the chief executive officer (the “CEO”).

The Company has been maintaining the number of independent non-executive Directors at not less than one-third of the number of the Board members and has ensured that at least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. The participation of independent non-executive Directors in the Board brings independent judgement to ensure the interests of all Shareholders have been duly considered.

For a Director to be considered independent, that Director should not have any direct or indirect material interest in the Group. In determining the independence of Directors, the Board follows the requirement set out in the Listing Rules. The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the year ended 31 December 2014

and the Company considers that they are independent.

All independent non-executive Directors are appointed for a specific term. All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company according to the requirement in the articles of association of the Company and the Listing Rules (at least once every 3 years).

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year’s emolument.

The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board to ensure that the Board acts in the best interests of the Group. Board meetings are planned and conducted effectively.

With the support of the executive Directors and the company secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages all Directors to be fully engaged in the Board’s affairs and make contributions to the Board’s functions. The Board has adopted good corporate governance practices and procedures and has taken appropriate steps to provide effective communication with the Shareholders.

The CEO is responsible for managing the business of the Group, attending to the formulation and implementation of Group’s policies, and assuming full accountability for the Group’s operations. Acting as the principal manager of the Group’s business, the CEO develops a strategic operating plan that reflects the long-term objectives and priorities established by the Board, and is directly responsible for maintaining the operational performance of the Group. Working with the senior management and the Board, the CEO

CORPORATE GOVERNANCE REPORT

ensures that the funding requirements of the business are met and closely monitors the operating and financial results against the plans and budgets. He also takes remedial actions when necessary and advises the Board of any significant developments and issues of the Group.

The Board meets regularly and at least 4 times a year. Between scheduled meetings, senior management of the Group provides to the Directors the information on the activities

and developments in the businesses of the Group on a timely basis and, when required, additional Board meetings are held. In addition, the Directors have full access to the information of the Group and to independent professional advice whenever should they consider necessary. During the year ended 31 December 2014, a total of six Board meetings and one general meeting ("2014 AGM") were held and the attendance of each Director is set out below:

	Number of meetings attended in the year ended 31 December 2014/	
	Number of meetings eligible to attend Board meetings	2014 AGM*
Executive Directors		
Mr. Ko Chun Shun, Johnson (<i>Chairman</i>)	9/9	1/1
Mr. Jason Boyer (<i>Vice Chairman</i>) (resigned on 23 January 2015)	9/9	1/1
Mr. Brett McGonegal (<i>Chief Executive Officer</i>)	9/9	1/1
Mr. Chen Shengjie	9/9	1/1
Mr. Tsoi Tong Hoo, Tony	8/9	1/1
Ms. Ko Wing Yan, Samantha	9/9	1/1
Non-executive Director		
Mr. Dorian M. Barak (appointed on 16 January 2014)	7/7	1/1
Independent non-executive Directors		
Mr. Chu Chung Yue, Howard	9/9	1/1
Mr. Ding Kebai (resigned on 23 January 2015)	9/9	1/1
Mr. Liu Zhengui	9/9	1/1
Dr. Wong Yau Kar, David BBS, JP	9/9	1/1

* 2014 AGM was held on 28 April 2014

CORPORATE GOVERNANCE REPORT

Professional Training for Directors

All Directors, including independent non-executive Directors, should always know their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all directors

on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 31 December 2014, all existing Directors have received relevant trainings on the topics relating to corporate governance and regulations and have provided their training records as follow:

Directors	Type of training
Executive Directors	
Mr. Ko Chun Shun, Johnson	A, B
Mr. Jason Boyer (resigned on 23 January 2015)	B
Mr. Brett McGonegal	B
Mr. Chen Shengjie	B
Mr. Tsoi Tong Hoo, Tony	B
Ms. Ko Wing Yan, Samantha	B
Non-executive Director	
Mr. Dorian M. Barak (appointed on 16 January 2014)	B
Independent non-executive Directors	
Mr. Chu Chung Yue, Howard	B
Mr. Ding Kebai (resigned on 23 January 2015)	B
Mr. Liu Zhengui	B
Dr. Wong Yau Kar, David BBS, JP	A, B

Notes:

- A: attending training course
- B: reading relevant materials

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company has adopted a board diversity policy (the "Policy") in October 2013 which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of a Board that possesses an appropriate balance and levels of skills, experience, expertise and diversity of perspectives essential to support the execution of its corporate and business strategies and to enhance the quality and effectiveness of its performance. Board diversity will strengthen the Company's strategic objectives in driving business results; enhancing good corporate governance and reputation; and attracting and retaining talent for the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

On recommendation from the nomination committee of the Company, the Board will set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The nomination committee of the Company will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

A copy of the Policy is published on the Company's website for public information.

Board Committees

During the year ended 31 December 2014, the Board has reviewed and monitored the training and continuous professional development of Directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements, the code of conducts, and the disclosure in the Corporate Governance Report. Besides, the Company has set up three committees including the nomination committee, the remuneration committee and the audit committee. Each committee has its specific terms of reference with reference to the Code.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") is chaired by Mr. Liu Zhengui with Mr. Ko Chun Shun, Johnson and Mr. Chu Chung Yue, Howard being the members. The Remuneration Committee is responsible for the determination of the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee shall meet as and when required to consider remuneration related matters such as making recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management, and to assist the Group in the administration of the fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Group. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

During the Year, the Remuneration Committee has held 1 meeting with all members were present. The Remuneration Committee has reviewed the remuneration packages for Directors and senior management of the Group.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") is chaired by Mr. Ko Chun Shun, Johnson with Mr. Liu Zhengui and Mr. Chu Chung Yue, Howard being the members. The terms of reference of the Nomination Committee have been determined with reference to the Code and posted on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least once every year, making recommendations on any proposed changes to the Board to complement the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the CEO. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Nomination Committee is also responsible for the review of the Board's diversity policy, considering factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of Board members, and review the measurable objectives that the Board has set for implementing the board diversity policy, and monitor the progress on achieving the measurable objectives.

During the Year, the Nomination Committee has held 1 meeting with all members were present. The committee reviewed the structure, size and composition of the Board.

Audit Committee

The audit committee of the Company (the "Audit Committee") is chaired by Mr. Chu Chung Yue, Howard ("Mr Chu") and Mr. Liu Zhengui and Mr. Ding Kebai being the other members. Mr. Ding Kebai resigned as an independent non-executive Director and a member of the Audit Committee with effect from 23 January 2015. On the same date, Dr. Wong Yau Kar, David, BBS, JP, was appointed as the new member of the Audit Committee of the Company.

Mr. Chu holds a bachelor's degree in commerce from University of British Columbia and was a member of the Chartered Professional Accountants of Canada. Mr. Chu has the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The terms of reference of the Audit Committee are in line with the Code and are posted on the website of the Company and the Stock Exchange. Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary results, interim results and annual financial statements and to monitor the integrity of the financial statements of the Group, to review the scope, extent and effectiveness of the Group's internal control system and to review the Group's financial and accounting policies.

The Audit Committee held 2 meetings during the Year with all members present.

There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors. The Audit Committee has reviewed, inter alia, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters of the Group. The Audit Committee has also reviewed, and has discussion with external auditors, the interim and annual consolidated financial statements.

CORPORATE GOVERNANCE REPORT

Auditor's Remuneration

A summary of fees for audit and non-audit services is as follows:

Nature of services	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Audit services	960	880
Other services	1,454	220
Total	2,414	1,100

Internal Controls

The Board is responsible for the Group's internal control system and has the responsibility for reviewing its effectiveness. The Company and its subsidiaries have adopted a set of internal control procedures and policies to safeguard the assets, to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations. The internal control system is designed to ensure the financial, operational and compliance controls, and risk management functions are in place and functioning effectively. The Board has conducted a review of and is satisfied with the effectiveness of the internal control system of the Group.

The Board also reviews, at least annually, the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function, and their training programmes and budget.

Company Secretary

The company secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The company secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and Board committees in a timely manner. The company secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The company secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of the Company's reports and financial statements and interim reports within the period laid down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification is made when there are any dealings by Directors in the securities of the Group.

The company secretary also advises the Directors on their obligations in respect of disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed.

CORPORATE GOVERNANCE REPORT

With respect to the secretarial function of the Group, the company secretary maintains formal minutes of the Board meetings and other Board committee meetings.

During the Year, Mr. Patrick Jim, the company secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

Shareholders' Right

How Shareholders Can Convene an Extraordinary General Meeting ("EGM")

An EGM may be convened by the Directors on requisition of shareholders of the Company holding not less than one-twentieth (5%) of the paid-up capital of the Company or by such Shareholder(s) who made the requisition (as the case may be) pursuant to section 566 to 568 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) (the "Companies Ordinance") and the articles of association of the Company. The objects of the meeting must be stated in the requisition which must be signed by the requisitioner(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for convening an EGM.

Procedures for Putting Forward Proposals at a General Meeting

Pursuant to the Companies Ordinance, Shareholders representing not less than one-fortieth (2.5%) of the total voting rights of all Shareholders; or not less than 50 Shareholders holding shares in the Company on which there has been paid up an average sum, per Shareholder, of not less than HK\$2,000, may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in section 615 of the Companies Ordinance for putting forward a proposal at a general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Suites 1101-03, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

Fax: (852) 3102 9022

Email: ir@reorientgroup.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Investor Relations

The Board is committed to providing clear and full performance information of the Group to the Shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to the Shareholders, additional information of the Group is also available to the Shareholders on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. All resolutions at the general meeting are decided by a poll which is conducted by the Group's share registrar.

The Group values feedback from the Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Constitutional Documents

There are no changes in the Company's constitutional documents during the Year.

REPORT OF THE DIRECTORS

The directors of REORIENT GROUP LIMITED (the "Directors") have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2014 (the "Year").

Principal Activities

The principal activity of REORIENT GROUP LIMITED (the "Company") is investment holding. The activities of the principal subsidiaries are set out in note 15 to the financial statements. An analysis of the revenue and the results of the Company and its subsidiaries (collectively the "Group") by business segments during the Year is set out in note 12 to the financial statements.

Results and Dividends

The results of the Group for the Year, and the statement of financial position of the Company and of the Group as of 31 December 2014 are set out in the financial statements on pages 31 to 34.

The Directors do not recommend the payment of a final dividend for the Year (2013: nil).

Fixed Assets

Details of the movements in fixed assets of the Group during the Year are set out in note 13 to the financial statements.

Share Capital

Details of the movements in the share capital of the Company during the Year are set out in note 26(e) to the financial statements.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 December 2014 are set out in note 26(a) to the financial statements.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 104.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Year, save as disclosed in note 26(e) and 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.

Share Option Scheme and Share Award Scheme

Share Options

The Company has adopted a share option scheme on 21 July 2011 (the "Share Option Scheme").

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the participants (being any employee (whether full-time or part-time), Directors or consultants of each member of the Group, provided that the board of directors (the "Board") may have absolute discretion to determine whether or not one falls within the above category) and for such other purposes as the Board may approve from time to time.

Pursuant to this 10-year term Share Option Scheme, the Company can grant options to participants for a consideration of HK\$1.00 for each grant payable by the participant.

REPORT OF THE DIRECTORS

No participant shall be granted an option, if the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant would exceed 1 per cent of the shares in issue unless such further grant has been approved by the shareholders in general meeting with the participant and his associates abstaining from voting.

Subscription price in respect of each share issued pursuant to the exercise of options granted hereunder shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (a) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotation sheet on the date on which the option is offered to a participant, which must be a trading day; (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; and (c) the nominal value of a share.

According to the Share Option Scheme, unless otherwise determined by the Board, there shall be no minimum holding period for the exercise of the options but the options are exercisable within the option period as determined by the Board and in any event such period shall not be longer than 10 years from the date upon which any particular option is granted.

The total number of share option that could be granted was 38,449,452, representing approximately 10% of the issued share capital of the Company on the date of passing the resolution to refresh the Share Option Scheme limit at the annual general meeting on 26 March 2012.

On 30 October 2014, 10,495,412 share options were granted by the Company at a nominal consideration under its Share Option Scheme to eligible persons (the "Share Option Grantees") to subscribe for the same number

of ordinary shares of the Company, subject to the acceptance of the Share Option Grantees, upon full exercise of which would represent 2.3% of the enlarged issued share capital of the Company as at the date of the grant. The market value per share on the date of the grant of share options was HK\$3.63.

None of the Share Option Grantees is a director, chief executive or substantial shareholder of the Company or an associate (as defined in the Rules Governing the Listing of Securities (the "Listing Rules")) of any of them.

The exercise price of the share option granted was HK\$3.65. On 31 October 2014, 9,330,239 share options were exercised and the remaining 1,165,173 share options are exercisable within a period of three years from the date of grant. The market value per share on the date of exercise of the share options was HK\$3.73.

As at the date this report, 10,495,412 share options were granted and the remaining number of share option that can be granted was 27,954,040, representing approximately 6.13% of the issued share capital of the Company.

Movements of the share options are set out in note 27 to the consolidated financial statements.

Share Award Scheme

The Board has adopted a share award scheme (the "Share Award Scheme") on 30 October 2014 (the "Adoption Date"). The Share Award Scheme does not constitute a share option scheme for the purpose of Chapter 17 of the Listing Rules. The principal terms of the Share Award Scheme are outlined below.

Purpose

The Group has the intension to explore ways to incentivize, reward and retain employees of all levels. The purpose of the Share Award Scheme is to encourage or facilitate the holding of shares of the Company ("Shares") by the

REPORT OF THE DIRECTORS

selected participants (“Selected Participants”); to encourage and retain such individuals to work with the Group; to provide additional incentive for them to achieve performance goals, and is a complementary measure to the existing Share Option Scheme of the Company.

Operation of the Share Award Scheme

The Share Award Scheme is administered by the administration body (“Administration Body”) and the trustee (“Trustee”) in accordance with the rules of the Share Award Scheme and the trust deed.

Pursuant to the Share Award Scheme, subject to all relevant applicable terms, conditions and provisions of the rules relating to the Share Award Scheme (“Scheme Rules”), the Administration Body may at its absolute discretion (a) select or designate any person to be a Selected Participant; (b) determine the number of restricted or unrestricted shares (“Grant Shares”) to be granted to Selected Participants; or (c) deem Shares issued upon exercise of share options granted to selected or designated person who is or has been granted share options (“Option Participants”) as restricted Shares granted under the Scheme Rules.

Pursuant to the Share Award Scheme, existing Shares may be acquired by the Trustee at the cost of the Company and/or new Shares may be allotted and issued to the Trustee under general mandates granted or to be granted by the shareholders of the Company (the “Shareholders”) at general meetings from time to time. The Company will comply with the relevant Listing Rules when issuing the new grant Shares and application will be made to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the granting of the listing of, and permission to deal in, the new Grant Shares to be issued pursuant to the Share Award Scheme.

The Trustee shall hold the restricted Shares awarded until the grant Shares to the relevant Selected Participants are vested in accordance with the Scheme Rules. Vested Shares will

be transferred at no cost to the Selected Participants. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date.

Scheme Limits

No Shares shall be subscribed for and/or purchased pursuant to the Share Award Scheme, nor any amounts paid to the Trustee for the purpose of making such a subscription and/or purchase, if as a result of such subscription and/or purchase, the number of Shares administered under the Share Award Scheme shall exceed in total 10 per cent of the Company’s share capital in issue from time to time (the “Scheme Limit”).

The maximum number of Grant Shares which may be granted to a Selected Participant at any one time or in aggregate may not exceed 10 per cent of the issued share capital of the Company as at the Adoption Date.

Restrictions

No grant shall be made to any Selected Participant:

- (i) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until such price sensitive information has been published in accordance with the Listing Rules;

REPORT OF THE DIRECTORS

- (ii) on any day on which the Company's financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless there are circumstances of the Company that fall within the exceptions under the Listing Rules; or
- (iii) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

Awards to Connected Persons

Where any grant is proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director to whom the grant is proposed to be made). The Company will comply with the applicable requirements of Chapter 14A of the Listing Rules in respect of such offer.

Vesting of Awards

The Administration Body may, while the Share Award Scheme is in force, determine any vesting criteria or periods for the Share Awards to be vested or credited, and such other restrictions or conditions in respect thereof as the Administration Body may in its discretion determine to be appropriate.

The vesting of the restricted Shares is also subject to the Selected Participant remaining at all times after the grant date and on the vesting date (as the case may be, on each relevant vesting date) an eligible option participant ("Eligible Option Participant").

A Selected Participant shall be deemed not an Eligible Option Participant for the purpose of the Scheme Rules if the Selected Participant has (i) ceased or terminated employment, engagement or appointment of the Selected Participant; (ii) become bankrupt or failed to pay his debts within a reasonable time after they become due; (iii) been convicted or found guilty or liable for any criminal or civil offence or regulatory sanction involving his integrity or honesty; or (iv) been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time.

Lapse of Grant

In the event that a Selected Participant ceases to be an Eligible Option Participant by reason of (i) if he is an employee of the Company or any subsidiary ("Employee"), redundancy, severance or dismissal or because he has tendered his resignation; (ii) the subsidiary by which such Selected Participant is employed or contracted with (as the case may be) ceases to be a subsidiary; and (iii) an order for the winding up of the Company is made or a resolution is passed for the voluntary winding up of the Company, then such person will have ceased to be a Selected Participant. The grant shall automatically lapse forthwith and all the Grant Shares shall not vest on the vesting date and the Selected Participant shall have no claims against the Company or the Trustee.

REPORT OF THE DIRECTORS

Termination

The Share Award Scheme shall terminate on the earlier of (i) the expiry of the period of 10 years from the Adoption Date of the Share Award Scheme, or (ii) such date of early termination as determined by the Board.

The maximum number of Grant Shares that can be issued under the Share Award Scheme is 44,632,098. As at the date of this report, no Grant Shares have been issued pursuant to the Share Award Scheme.

The details and other principal terms of the Share Award Scheme are set out in the announcement of the Company dated 30 October 2014.

Saved as disclosed above, no share options or grant shares have been granted under the Share Option Scheme and Share Award Scheme.

Directors

The directors of the Company during the Year and up to the date of this report are:

Executive Directors

Mr. Ko Chun Shun, Johnson (*Chairman*)
Mr. Jason Boyer (*Vice Chairman*)
(resigned on 23 January 2015)
Mr. Brett McGonegal (*CEO*)
Mr. Chen Shengjie
Mr. Tsoi Tong Hoo, Tony
Ms. Ko Wing Yan, Samantha

Non-executive Director

Mr. Dorian M. Barak
(appointed 16 January 2014)

Independent non-executive Directors

Mr. Chu Chung Yue, Howard
Mr. Ding Kebai
(resigned on 23 January 2015)
Mr. Liu Zhengui
Dr. Wong Yau Kar, David, BBS, JP

In accordance with Article 103A of the Company's articles of association, Mr. Brett McGonegal, Mr. Liu Zhengui and Mr. Chu Chung Yue, Howard shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules in respect of the Year and the Company considers that they are independent.

Directors' Service Contracts

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year, or to pay compensation or make other payments equivalent to more than one year's emolument.

REPORT OF THE DIRECTORS

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2014, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning

of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Listing Rules, or known to the Company, were as follows:

Long positions in the shares of the Company:

Name of Director	Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding
Mr. Ko Chun Shun, Johnson (<i>note 1</i>)	Held by controlled corporation	229,180,726	50.30%
Mr. Jason Boyer (<i>note 2</i>)	Beneficial owner	10,428,914	2.29%
Mr. Brett McGonegal	Beneficial owner	10,410,914	2.28%

Note:

- (1) Mr. Ko Chun Shun, Johnson ("Mr. Ko"), the chairman (the "Chairman") and an executive Director of the Company, was interested in 229,180,726 shares through Gainhigh Holdings Limited ("Gainhigh"). 75.77% of the issued share capital of Gainhigh was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.
- (2) Mr. Jason Boyer has resigned as an executive Director and the Vice Chairman of the Company with effect from 23 January 2015.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning

of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

Directors' Rights to Acquire Shares

Save as disclosed above and in this report, in particular in the section titled "Directors' Interests in Contracts" below, at no time during the Year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors (including their respective spouses and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

REPORT OF THE DIRECTORS

Substantial Shareholders

As at 31 December 2014, the Company had been notified of the following substantial

shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Name of Shareholder	Nature of interests	Long position	Percentage of shareholding
Mr. Ko Chun Shun, Johnson (<i>Note 1</i>)	Held by controlled corporation	229,180,726	50.30%
Insula Holdings Limited (<i>Note 1</i>)	Held by controlled corporation	229,180,726	50.30%
Gainhigh Holdings Limited (<i>Note 1</i>)	Beneficial owner	229,180,726	50.30%
Shaw David Elliot (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw Valence Portfolios, L.L.C. (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw Composite Portfolios, L.L.C. (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw & Co., Inc (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw & Co., L.P. (<i>Note 2</i>)	Investment manager	35,000,000	7.68%
D. E. Shaw & Co., L.L.C (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw & Co. II, Inc (<i>Note 2</i>)	Held by controlled corporation	35,000,000	7.68%
D. E. Shaw & Co. (Asia Pacific) Limited (<i>Note 2</i>)	Investment manager	35,000,000	7.68%

Notes:

- Mr. Ko Chun Shun, Johnson, the Chairman and an executive Director of the Company, was interested in 229,180,726 shares through Gainhigh. 75.77% of the issued share capital of Gainhigh was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.
- Shaw David Elliot, D. E. Shaw Valence Portfolios, L.L.C., D. E. Shaw Composite Portfolios, L.L.C., D. E. Shaw & Co., Inc, D. E. Shaw & Co., L.P., D. E. Shaw & Co., L.L.C., D. E. Shaw & Co. II, Inc, and D. E. Shaw & Co. (Asia Pacific) Limited were interested in the same parcel of these 35,000,000 shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2014, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

Directors' Interests in Contracts

Save as disclosed elsewhere in this report, no contract of significance (i) to which the Company, its holding company or any of their subsidiaries was a party, and in which a Director was materially interested, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year, nor (ii) between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

REPORT OF THE DIRECTORS

Connected Transactions

During the year, the Group did not have any connected transactions that were subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Major Suppliers and Major Customers

During the Year, revenue derived from the Group's largest 5 customers accounted for approximately 73% of the total revenue for the Year, with the single largest customer contributing approximately 22%.

The Group is a provider of financial services. In the opinion of the Board, it is therefore of no value to disclose details of the Group's suppliers.

Revenue from KuangChi Science Limited ("KuangChi") accounted for 13% of the Group's total revenue for the year, a company which Mr. Ko Chun Shun, Johnson, is a director and currently interested as to 6.53% equity interest of its issued ordinary share capital, and 357,777,778 convertible preferred shares convertible into the same number of ordinary shares, representing 3% of the then enlarged ordinary share capital.

Saved as disclosed above, none of the Directors, their associates or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in the major customers.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance code adopted by the Company is set out in the Corporate Governance Report of the annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient public float of the Company's securities as required under the Listing Rules.

Auditor

The consolidated financial statements have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

Review by Audit Committee

The Audit Committee, during the Year and up to the date of this report, comprised three independent non-executive Directors. The Audit Committee is chaired by Mr. Chu Chung Yue, Howard with Mr. Liu Zhengui and Mr. Ding Kebai being the other members. The terms of reference of the Audit Committee are in line with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Group's audited consolidated financial statements for the year ended 31 December 2014 have been reviewed by the Audit Committee.

Mr. Ding Kebai resigned as an independent non-executive Director and a member of the Audit Committee with effect from 23 January 2015. On the same date, Dr. Wong Yau Kar, David, BBS, JP, was appointed as the new member of the Audit Committee of the Company.

On behalf of the Board

Ko Chun Shun, Johnson
Chairman and Executive Director

Hong Kong, 23 January 2015

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of REORIENT GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of REORIENT GROUP LIMITED ("the company") and its subsidiaries (together "the group") set out on pages 31 to 103, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2014 and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 January 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	3	133,370	77,516
Other operating income	4	2,585	1,451
Other net income	5	920,486	8,000
		1,056,441	86,967
Staff costs	6(a)	(237,490)	(124,088)
Depreciation		(3,583)	(3,385)
Other operating expenses	6(b)	(55,908)	(46,271)
Profit/(loss) from operations		759,460	(86,777)
Finance costs	6(c)	(154)	(754)
Share of results of associates		(1,193)	171
Gain on partial disposal of an associate		1,214	—
Profit/(loss) before taxation	6	759,327	(87,360)
Income tax	7	(450)	—
Profit/(loss) for the year		758,877	(87,360)
Profit/(loss) attributable to equity shareholders of the Company		758,856	(87,385)
Profit attributable to non-controlling interests		21	25
Earnings/(loss) per share attributable to equity shareholders of the Company			
Basic (HK\$)	11(a)	1.73	(0.22)
Diluted (HK\$)	11(b)	1.73	(0.22)

The notes on pages 37 to 103 form part of these financial statements. Details of dividends declared for the year are set out in note 26(d) to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit/(loss) for the year	758,877	(87,360)
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	(156)	316
Total comprehensive income for the year	758,721	(87,044)
Total comprehensive income for the year attributable to:		
— equity shareholders of the Company	758,776	(87,219)
— non-controlling interests	(55)	175
	758,721	(87,044)

The notes on pages 37 to 103 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Fixed assets	13	5,289	6,247
Intangible assets	14	550	550
Interests in associates	16	27,311	33,076
Financial assets at fair value through profit or loss	18	556,427	—
Other non-current assets	17	8,856	805
Total non-current assets		598,433	40,678
Current assets			
Financial assets at fair value through profit or loss	18	426,387	13,629
Accounts receivable	19	220,576	69,727
Other receivables, deposits and prepayments	20	16,828	12,451
Bank balance — trust and segregated accounts	21(a)	23,999	22,753
Cash and cash equivalents	21(a)	74,620	111,086
Total current assets		762,410	229,646
Current liabilities			
Accounts payable	22	191,690	82,955
Accrued expenses and other payables	23	147,271	25,820
Amounts due to directors		531	480
Current taxation	25(a)	450	—
Total current liabilities		339,942	109,255
Net current assets		422,468	120,391
NET ASSETS		1,020,901	161,069
EQUITY			
Share capital and other statutory capital reserves	26(e)	614,919	498,231
Other reserves		400,015	(343,184)
		1,014,934	155,047
Non-controlling interests		5,967	6,022
TOTAL EQUITY		1,020,901	161,069

Approved and authorised for issue by the Board on 23 January 2015 and are signed on its behalf by:

Ko Chun Shun, Johnson
Chairman and Executive Director

Brett McGonegal
CEO and Executive Director

The notes on pages 37 to 103 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Interests in subsidiaries	15	419,631	358,931
Total non-current assets		419,631	358,931
Current assets			
Financial assets at fair value through profit or loss	18	63,244	—
Prepayment	20	145	145
Cash and cash equivalents	21(a)	361	421
Total current assets		63,750	566
Current liabilities			
Accrued expenses and other payables	23	36	40
Amounts due to directors		531	480
Total current liabilities		567	520
Net current assets		63,183	46
NET ASSETS		482,814	358,977
EQUITY			
Share capital and other statutory reserves	26(a)	614,416	497,728
Other reserves	26(a)	(131,602)	(138,751)
TOTAL EQUITY		482,814	358,977

Approved and authorised for issue by the Board on 23 January 2015 and are signed on its behalf by:

Ko Chun Shun, Johnson
Chairman and Executive Director

Brett McGonegal
CEO and Executive Director

The notes on pages 37 to 103 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to equity shareholders of the Company										
	Note	Share capital HK\$'000	Share premium HK\$'000	Shares held by share award scheme HK\$'000	Share-based payment reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated (loss)/retained profit HK\$'000	Sub total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2013		3,845	412,428	—	—	2,650	115	(258,730)	160,308	5,847	166,155
Changes in equity for the year ended 31 December 2013:											
Issue of subscription shares		270	82,080	—	—	—	—	—	82,350	—	82,350
Cost of issuance of subscription shares		—	(392)	—	—	—	—	—	(392)	—	(392)
(Loss)/profit for the year		—	—	—	—	—	—	(87,385)	(87,385)	25	(87,360)
Other comprehensive income for the year		—	—	—	—	—	166	—	166	150	316
Balance at 31 December 2013 and 1 January 2014		4,115	494,116	—	—	2,650	281	(346,115)	155,047	6,022	161,069
Changes in equity for the year ended 31 December 2014:											
Shares issued under share swap agreement	26(e)	178	42,554	—	—	—	—	—	42,732	—	42,732
Transition to no-par value regime on 3 March 2014	26(e)	536,670	(536,670)	—	—	—	—	—	—	—	—
Issue of subscription shares	26(e)	40,000	—	—	—	—	—	—	40,000	—	40,000
Cost of issuance of subscription shares	26(e)	(99)	—	—	—	—	—	—	(99)	—	(99)
Shares issued under share option scheme	26(e)	34,055	—	(34,055)	18,478	—	—	—	18,478	—	18,478
Shares vested under share award scheme	27(b)(ii)	—	—	11,042	(11,042)	—	—	—	—	—	—
Profit for the year		—	—	—	—	—	—	758,856	758,856	21	758,877
Other comprehensive income for the year		—	—	—	—	—	(80)	—	(80)	(76)	(156)
Balance at 31 December 2014		614,919	—	(23,013)	7,436	2,650	201	412,741	1,014,934	5,967	1,020,901

The notes on pages 37 to 103 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Operating activities			
Net cash used in operating activities	21(b)	(80,418)	(84,112)
Investing activities			
Payment for purchase of interest in an associate		(2,332)	(32,905)
Proceeds from partial disposal of an associate		8,118	—
Payment for purchase of fixed assets	13	(2,625)	(2,735)
Payment for purchase of intangible assets	14	—	(550)
Interest received		1,200	597
Net cash generated from/(used in) investing activities		4,361	(35,593)
Financing activities			
Net proceeds from issuance of subscription shares	26(e)	39,901	81,958
Interest paid		(154)	(754)
Net cash generated from financing activities		39,747	81,204
Net decrease in cash and cash equivalents		(36,310)	(38,501)
Cash and cash equivalents at 1 January		111,086	149,271
Effect of foreign exchange rate changes		(156)	316
Cash and cash equivalents at 31 December	21(a)	74,620	111,086
Cash flow from operating activities includes:			
		2014 HK\$'000	2013 HK\$'000
Interest received		230	153

Please refer to note 26(e)(i) for the non-cash transactions. The notes on pages 37 to 103 form part of these financial statements.

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 1101-03, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The consolidated financial statements for the year ended 31 December 2014 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 principal activities and other particulars of its principal subsidiaries are set out in note 15 to the financial statements.

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. These financial statements also comply with applicable requirements of the Hong Kong Companies Ordinance which for this financial year and the comparative period continue to be those of the predecessor Company Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that 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. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(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 following assets are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at fair value through profit or loss *(see note 2(j))*
- Derivative financial instruments *(see note 2(k))*

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 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 consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(c) Changes in accounting policies *(Continued)*

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

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as REORIENT GROUP LIMITED does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

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

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on these financial statements.

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

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(i)(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Fixed assets

Fixed assets are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	Shorter of the unexpired term of lease and 5 years
Office equipment and furniture	5 years
Computers and software	3-5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(h) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(i) Impairment of assets

(i) Impairment of investments in subsidiaries, associates, accounts receivable and other receivables

Investments in subsidiaries, associates, accounts receivable and other receivables that are carried at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries and associates, the impairment loss is measured by comparing the recoverable amount in the investment with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).
- For accounts receivable and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(i) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets; and
- intangible assets

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(j) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured initially at fair value, which normally will be equal to the transaction price. Transaction costs are expensed immediately.

The Group recognises financial assets at fair value through profit or loss on the date it becomes a party to the contractual provisions of the instrument, using trade date accounting.

Financial assets at fair value through profit or loss comprise financial assets held for trading and those designated as at fair value through profit or loss upon initial recognition, but exclude those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Financial assets at fair value through profit or loss are carried at fair value. Changes in the fair value are included in the income statement in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the income statement.

The fair value of financial assets at fair value through profit or loss is based on their quoted market prices at the end of reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or a price from a broker/dealer for non-exchange-traded financial instruments, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions. The inputs of the valuation techniques are based on market data.

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

The Group uses the weighted average method to determine realised gains and losses to be recognised in the income statement on derecognition.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(l) Accounts receivable and other receivables

Accounts receivable and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Intangible assets

The intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(i)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(n) Accounts payable and other payables

Accounts payable and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks.

(q) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense in profit or loss as incurred.
- (iii) The fair value of share awards and share options granted to employees is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share awards and options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share awards and share options that are expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share awards and options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profit).

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(r) Income tax *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(s) Provisions and contingent liabilities *(Continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) **Brokerage commission income**

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

(ii) **Interest income**

Interest income is recognised as it accrues using the effective interest method.

(iii) **Handling and settlement fee income, placing and underwriting commission income and consultancy and advisory fee income**

Handling and settlement fee income, placing and underwriting commission income and consultancy and advisory fee income are recognised when the related services are rendered.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(u) Translation of foreign currencies *(Continued)*

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains less losses from trading securities or financial instruments designated at fair value through profit or loss.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the income statement when the profit or loss on disposal is recognised.

(v) Fiduciary activities

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of the regulated business activities. The Group has classified the bank balances – trust and segregated accounts within the current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies.

The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(w) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.

- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i).
 - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(Continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Brokerage commission	24,350	43,321
Consultancy and advisory fees	105,710	19,446
Placing and underwriting commission	3,080	14,596
Interest income from clients	230	153
	133,370	77,516

4. Other operating income

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Handling and settlement fees	1,385	854
Other interest income	1,200	597
	2,585	1,451

NOTES TO THE FINANCIAL STATEMENTS

5. Other net income

	2014 HK\$'000	2013 HK\$'000
Net unrealised gain on financial assets at fair value through profit or loss		
— Convertible preferred shares	555,997	—
— Options	(1,357)	8,000
— Equity investment listed in Hong Kong	365,846	—
	920,486	8,000

6. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

	2014 HK\$'000	2013 HK\$'000
(a) Staff costs		
Commission paid	111	132
Equity-settled share-based payment expenses (<i>note 27</i>)	18,478	—
Salaries, allowances and benefits in kind	217,987	123,097
Contributions to Mandatory Provident Fund	914	859
	237,490	124,088
(b) Other operating expenses		
Auditor's remuneration	1,200	1,100
Legal and professional costs	6,445	7,790
Operating lease payments — property rentals	6,496	5,767
Information, data and communication expenses	14,574	12,627
Provision for impairment loss of accounts receivable	2,095	40
Net exchange loss	295	568
Entertainment and travelling	11,076	7,435
(c) Finance costs		
Interest expense on bank loans and overdrafts	21	49
Others	133	705
	154	754

NOTES TO THE FINANCIAL STATEMENTS

7. Income tax

(a) Taxation in the consolidated income statement represents:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	450	—
Under/(over)-provision in respect of prior years	—	—
Total tax charge for the year	450	—

The provision for Hong Kong profits tax for 2014 is calculated at 16.5% (2013: 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 profit/(loss) at applicable tax rates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit/(loss) before taxation	759,327	(87,360)
Notional tax on profit/(loss) before taxation, calculated at 16.5% (2013: 16.5%)	125,289	(14,414)
Tax effect of non-deductible expenses	1,148	189
Tax effect of non-taxable revenue	(92,040)	(4)
Tax effect of utilisation of tax losses previously not recognised	(34,223)	(1,545)
Tax effect of tax losses not recognised	—	15,598
Others	276	176
Actual tax expense	450	—

NOTES TO THE FINANCIAL STATEMENTS

8. Directors' remuneration

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	2014 Contributions to Mandatory Provident Fund HK\$'000	Sub-total HK\$'000	Share-based payments (note 4) HK\$'000	Total HK\$'000
Chairman							
Ko Chun Shun, Johnson	240	–	–	12	252	–	252
Executive directors							
Jason Boyer (note 2)	–	2,800	3,100	17	5,917	–	5,917
Brett McGonegal	–	5,967	2,500	17	8,484	–	8,484
Chen Shengjie	240	–	–	12	252	–	252
Tsoi Tong Hoo, Tony	240	–	–	12	252	–	252
Ko Wing Yan, Samantha	240	–	–	12	252	–	252
Non-executive director							
Dorian M. Barak (note 1)	230	12	–	–	242	–	242
Independent non-executive directors							
Chu Chung Yue, Howard	240	12	–	–	252	–	252
Ding Kebai (note 3)	240	12	–	–	252	–	252
Dr. Wong Yau Kar, David	240	12	–	–	252	–	252
Liu Zhengui	240	12	–	–	252	–	252
Total	2,150	8,827	5,600	82	16,659	–	16,659

Notes:

- 1 Appointed as non-executive director on 16 January 2014.
- 2 Resigned as executive director on 23 January 2015.
- 3 Resigned as independent non-executive director on 23 January 2015.
- 4 All directors are not entitled to share awards or share options as set out in note 1(q)(iii).

NOTES TO THE FINANCIAL STATEMENTS

8. Directors' remuneration (Continued)

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	2013 Contributions to Mandatory Provident Fund HK\$'000	Sub-total HK\$'000	Share-based payments HK\$'000	Total HK\$'000
Chairman							
Ko Chun Shun, Johnson	240	—	—	21	261	—	261
Executive directors							
Jason Boyer	—	2,800	8,920	15	11,735	—	11,735
Brett McGonegal	—	3,200	4,620	15	7,835	—	7,835
Chen Shengjie	240	—	—	22	262	—	262
Tsoi Tong Hoo, Tony	240	—	—	21	261	—	261
Ko Wing Yan, Samantha	240	—	—	21	261	—	261
Independent non-executive directors							
Chu Chung Yue, Howard	240	12	—	—	252	—	252
Ding Kebai	240	12	—	—	252	—	252
Dr. Wong Yau Kar, David	240	12	—	—	252	—	252
Liu Zhengui	240	12	—	—	252	—	252
Total	1,920	6,048	13,540	115	21,623	—	21,623

NOTES TO THE FINANCIAL STATEMENTS

9. Individual with highest emoluments

Of the five individuals with the highest emoluments, two (2013: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2013: three) individuals are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefits in kind	10,858	15,445
Discretionary bonus (<i>note 1</i>)	—	—
Equity-settled share-based payment expenses	15,388	—
Contributions to Mandatory Provident Fund	51	45
	26,297	15,490

Note 1 Bonus accrued in 2014 has not been allocated to individuals except as disclosed in note 8.

The emoluments of the five (2013: five) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2014	2013
HK\$3,500,001 to HK\$4,000,000	—	2
HK\$5,500,001 to HK\$6,000,000	2	—
HK\$7,500,001 to HK\$8,000,000	—	2
HK\$8,000,001 to HK\$8,500,000	2	—
HK\$11,500,001 to HK\$12,000,000	—	1
HK\$12,000,001 to HK\$12,500,000	1	—

10. Profit/(loss) attributable to equity shareholders of the Company

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a profit of HK\$22,726,000 (2013: a loss of HK\$172,000) which has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

11. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2014 of HK\$758,856,000 (2013: a loss of HK\$87,385,000), and the weighted average number of shares in issue during the year ended 31 December 2014 of 438,209,142 (2013: 399,067,129).

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at 1 January	411,494,527	384,494,527
Effect of issue of shares under share swap agreement (note 26(e)(i))	8,585,511	—
Effect of issue of subscription shares (note 26(e)(ii))	11,354,378	14,572,602
Effect of vested shares under share option scheme (note 26(e)(iii))	6,774,726	—
<hr/>		
Weighted average number of ordinary shares at 31 December	438,209,142	399,067,129

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2014 of HK\$758,856,000 (2013: a loss of HK\$87,385,000), and the weighted average number of shares during the year ended 31 December 2014 of 438,250,077 (2013: 399,067,129).

Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares at 31 December	438,209,142	399,067,129
Effect of deemed issue of shares under the Company's share option scheme (note 27(a))	40,935	—
<hr/>		
Weighted average number of ordinary shares (diluted) at 31 December	438,250,077	399,067,129

NOTES TO THE FINANCIAL STATEMENTS

12. 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.

NOTES TO THE FINANCIAL STATEMENTS

12. Segment reporting (Continued)

(a) Segment revenue and results

	2014			
	Securities brokerage	Securities placing and underwriting	Consultancy and advisory services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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				758,877

NOTES TO THE FINANCIAL STATEMENTS

12. Segment reporting (Continued)

(a) Segment revenue and results (Continued)

	2013			Total HK\$'000
	Securities brokerage HK'000	Securities placing and underwriting HK\$'000	Consultancy and advisory services HK\$'000	
Revenue from external parties	43,321	14,596	19,446	77,363
Interest income from clients	153	—	—	153
Allocated other operating income	854	—	—	854
Allocated operating costs	(101,171)	(12,512)	(27,464)	(141,147)
Allocated finance costs	(675)	(75)	—	(750)
Reportable segment (loss)/profit	(57,518)	2,009	(8,018)	(63,527)
Unallocated other operating income				597
Net gain on financial assets at fair value through profit or loss				8,000
Share of results of an associate				171
Depreciation				(3,385)
Finance costs				(4)
Legal and professional expenses				(5,240)
Other central administrative costs				(23,972)
Loss for the year				(87,360)

NOTES TO THE FINANCIAL STATEMENTS

12. Segment reporting *(Continued)*

(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	
		2014 HK\$'000	2013 HK\$'000
Operating Segment			
Customer A	Consultancy and advisory	29,705	N/A ¹
Customer B	Consultancy and advisory	24,925	N/A ¹
Customer C	Consultancy and advisory	17,850	N/A ¹

¹ No customer accounted for more than 10% of the total revenue of the Group for the year ended 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

13. Fixed assets

The Group

	Leasehold improvements <i>HK\$'000</i>	Office equipment and furniture <i>HK\$'000</i>	Computers and software <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 January 2013	5,184	2,527	2,995	10,706
Additions	1,618	574	543	2,735
At 31 December 2013	6,802	3,101	3,538	13,441
At 1 January 2014	6,802	3,101	3,538	13,441
Additions	325	1,057	1,243	2,625
At 31 December 2014	7,127	4,158	4,781	16,066
Accumulated depreciation				
At 1 January 2013	2,055	812	942	3,809
Charge for the year	2,113	588	684	3,385
At 31 December 2013	4,168	1,400	1,626	7,194
At 1 January 2014	4,168	1,400	1,626	7,194
Charge for the year	2,034	741	808	3,583
At 31 December 2014	6,202	2,141	2,434	10,777
Net carrying amount				
At 31 December 2014	925	2,017	2,347	5,289
At 31 December 2013	2,634	1,701	1,912	6,247

NOTES TO THE FINANCIAL STATEMENTS

14. Intangible assets

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Trading right, at cost/valuation		
At 1 January	6,550	6,000
Additions	—	550
At 31 December	6,550	6,550
Accumulated amortisation and impairment		
At 1 January and 31 December	(6,000)	(6,000)
Carrying amount		
At 31 December	550	550

As at 31 December 2014, the Group had three (2013: three) trading rights in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and one (2013: one) trading right in the Hong Kong Futures Exchange Limited (the "Futures Exchange"), of which two trading rights in the Stock Exchange and one trading right in the Futures Exchange were fully amortised as at 31 December 2010.

15. Interests in subsidiaries

	The Company	
	2014	2013
	HK\$'000	HK\$'000
Investment in shares		
Unlisted shares, at cost	31,929	13,449
Less: allowance for impairment loss	(4,555)	(4,555)
	27,374	8,894
Due from subsidiaries		
Loan to a subsidiary	100,000	100,000
Subordinated loans to a subsidiary	5,818	5,815
Amounts due from subsidiaries	286,439	244,222
	392,257	350,037
Interests in subsidiaries	419,631	358,931

NOTES TO THE FINANCIAL STATEMENTS

15. Interests in subsidiaries (Continued)

(a) Amounts due from subsidiaries

As at 31 December 2014 and 2013, the amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The amounts are not required to be repaid within one year.

The two subordinated loans to a subsidiary of HK\$2,327,000 and HK\$3,491,000 respectively as at 31 December 2014 (2013: HK\$2,326,000 and HK\$3,489,000) were unsecured and bore interest at a rate of 5% per annum. These subordinated loans are repayable on 8 April 2016 and 20 May 2016 respectively.

A loan to a subsidiary of HK\$100,000,000 as at 31 December 2014 and 2013 was unsecured, bore interest at a rate of 5% per annum and has no fixed term of repayment. The loan is not required to be repaid within one year. The carrying amount approximates its fair value as at the reporting date.

(b) Details of the subsidiaries principally affected the results and assets of the Group

Name of company	Place of incorporation and business	Particular of issued and fully paid-up capital (note)	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
REORIENT Financial Markets Limited	Hong Kong	125,000,000 shares	100%	—	100%	Securities broking, securities placing and underwriting, and provision of consultancy and advisory services
REORIENT Financial Markets (USA) LLC	USA	550,000 shares of US\$1 each	100%	—	100%	Securities broking
REORIENT Capital Markets Limited	Hong Kong	5,000,000 shares	100%	—	100%	Securities broking
REORIENT Finance Limited	Hong Kong	1 share	100%	100%	—	Money lending
REORIENT Global Limited	Hong Kong	1 share	100%	100%	—	Provision of administrative services
Fast Capital Holdings Limited	Hong Kong	10,000 shares	100%	—	100%	Investment holding
REORIENT Holdings Limited	Hong Kong	1 share	100%	100%	—	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

15. Interests in subsidiaries (Continued)

(b) Details of the subsidiaries principally affected the results and assets of the Group (Continued)

Name of company	Place of incorporation and business	Particular of issued and fully paid-up capital (note)	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Mansion House Financial Holdings Limited	British Virgin Islands	955,000 shares of US\$1 each	100%	100%	—	Investment holding and provision of administrative services
Wise Points Holdings Limited	British Virgin Islands	1 share of US\$1 each	100%	100%	—	Investment holding
Profit Trigger Limited	British Virgin Islands	1 share of US\$1 each	100%	100%	—	Holding of brands and trademarks
REORIENT Asset Management Limited	British Virgin Islands	1 share of US\$1 each	100%	—	100%	Investment holding
Beijing Chengtong REORIENT Investment Consultancy Limited (北京誠通瑞東投資顧問有限公司)	PRC	10,000,000 shares of RMB 1 each	51%	—	51%	Investment management, consulting and advisory services
Beijing REORIENT Universal Investment Consultancy Limited (北京瑞東環球投資諮詢有限公司)	PRC	1,000,000 shares of RMB 1 each	100%	—	100%	Investment consulting and advisory services
REORIENT Share Award Scheme Nominee Limited	Hong Kong	1,000 shares	100%	100%	—	Administering and holding the Company's shares for the Share Award Scheme
Boost Bonus Asia Limited	British Virgin Islands	1 share of US\$1 each	100%	—	100%	Investment holding

Note:

The class of shares held is ordinary shares unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

15. Interests in subsidiaries (Continued)

(c) Information about material non-controlling interest

The following table lists out the information relating to Beijing Chengtong Reorient Investment Consultancy Limited, the only subsidiary of the Group which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014 HK\$'000	2013 <i>HK\$'000</i>
NCI percentage	49%	49%
Current assets	12,339	12,341
Non-current assets	8	20
Current liabilities	(133)	(36)
Non-current liabilities	—	—
Net assets	12,214	12,325
Carrying amount of NCI	5,967	6,022
Revenue	183	367
Profit for the year	42	53
Total comprehensive income	(112)	358
Profit allocated to NCI	21	25
Dividend paid to NCI	—	—
Cash flows from operating activities	(2,177)	(5,755)
Cash flows from investing activities	857	513
Cash flows from financing activities	—	—

16. Interests in associates

	The Group		The Company	
	2014 HK\$'000	2013 <i>HK\$'000</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Carrying value, net	27,311	33,076	—	—

NOTES TO THE FINANCIAL STATEMENTS

16. Interests in associates (Continued)

Name of associate	Form of business structure	Place of Incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
				Group's Effective interest	Held by a subsidiary	
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 (note i)
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 (note ii)

Note:

- (i) EQ Partners Co. Ltd. is a private equity investment firm based in Seoul, specializing in infrastructure and utility sectors and growth equity investments in Korea and other countries. This investment enables the Group to expand its network of potential clients, investors and investees.
- (ii) ReOil, LLC is a specialist technical and management service provider to clients interested in oil and natural gas assets in the United States. This investment enables the Group to have more investment opportunities for existing and potential investors in this oil and natural gas sector.

The above associates are accounted for using the equity method in the consolidated financial statements. Both of them are unlisted corporate entities whose quoted market price is not available.

On 18 July 2014, the Group sold 5.25% equity interest in EQ Partners Co. Ltd, for a consideration of approximately HK\$8.1 million.

On 15 February 2013, the Group purchased 25% equity interest in EQ Partners Co. Ltd, for a consideration of approximately HK\$32.9 million. As part of the acquisition, the Group received a put option issued by the seller. Details of the acquisition and the put option were disclosed in the announcement of the Company dated 18 February 2013. As at 31 December 2014, the management considers the value of this option to be minimal.

NOTES TO THE FINANCIAL STATEMENTS

16. Interests in associates (Continued)

Summarised financial information of a material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2014 HK\$'000	2013 <i>HK\$'000</i>
<i>Gross amounts of the associate</i>		
Current assets	35,225	57,180
Non-current assets	70,403	52,445
Current liabilities	(2,029)	(3,829)
Non-current liabilities	(934)	(708)
Equity	102,665	105,088
Revenue	31,619	46,756
Profit from continuing operations	1,686	10,724
<i>Reconciled to the group's interest in the associate</i>		
Gross amounts of net assets of the associate	102,665	105,088
Group's effective interest	19.75%	25%
Group's share of net assets of the associate	20,276	26,272
Goodwill	6,160	6,804
Exchange difference	5	—
Carrying amount in the consolidated financial statements	26,441	33,076

Summarised financial information of an associate that is not material:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	870	—
Aggregate amounts of the group's share of associate's loss from continuing operations	(1,462)	—

NOTES TO THE FINANCIAL STATEMENTS

17. Other non-current assets

	The Group 2014 HK\$'000	2013 HK\$'000
Statutory deposits with exchanges and clearing house	455	805
Other receivable	8,401	—
	8,856	805

Other receivable is secured by unlisted equity instrument.

18. Financial assets at fair value through profit or loss

	The Group		The Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<i>Non-current financial assets at fair value through profit or loss</i>				
Investment designated as 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 as at fair value through profit or loss				
— Equity investment listed in Hong Kong	413,911	—	63,244	—
— Equity investment listed outside Hong Kong	204	—	—	—
Held for trading				
— Options	12,272	13,629	—	—
	426,387	13,629	63,244	—

NOTES TO THE FINANCIAL STATEMENTS

19. Accounts receivable

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Accounts receivable arising from securities brokerage:		
— Cash clients	167,798	14,096
— Margin clients	26,122	26,122
— Clearing house, brokers and dealers	1,402	54,734
	195,322	94,952
Accounts receivable arising from consultancy and advisory services		
— Corporate clients	53,535	1,381
	248,857	96,333
<i>Less: allowance for doubtful debts</i>	(28,281)	(26,606)
	220,576	69,727

The fair value of accounts receivable approximates its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

19. Accounts receivable *(Continued)*

(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:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Current	207,063	65,905
Less than 1 month past due	710	1,974
1 to 3 months past due	409	809
More than 3 months past due	12,394	1,039
Amounts past due	13,513	3,822
	220,576	69,727

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\$13,513,000 (2013: HK\$3,822,000) 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 of HK\$450,000 (2013: nil) and HK\$57,000 (2013: HK\$2,443,000) which are past due but not impaired represent client trades on the Australian Securities Exchange Limited and The Stock Exchange of Hong Kong Limited 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\$13,006,000 (2013: HK\$1,379,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

19. Accounts receivable *(Continued)*

(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:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
At 1 January	26,606	26,568
Impairment loss recognised	2,095	40
Amount recovered during the year	(16)	(2)
Amount written off	(404)	—
	<hr/>	
At 31 December	28,281	26,606

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 (2013: HK\$26,122,000) relates to individually impaired margin clients accounts receivable, HK\$132,000 (2013: HK\$484,000) relates to individually impaired accounts receivable arising from the business of dealing in securities and HK\$2,027,000 (2013: nil) 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.

(d) Balance with related parties

As at 31 December 2014, included in the accounts receivable from corporate clients are amounts of (i) HK\$1,563,000 (2013: nil) receivable from Frontier Services Group Limited ("Frontier Services") where our chairman Mr. Ko Chun Shun, Johnson ("Mr. Ko") is a substantial shareholder and executive director of this company; and (ii) HK\$11,789,000 (2013: nil) receivable from KuangChi Science Limited ("KuangChi") where Mr. Ko is an executive director of this company.

NOTES TO THE FINANCIAL STATEMENTS

20. Other receivables, deposits and prepayments

	The Group		The Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Rental and utility deposits	1,479	1,475	—	—
Prepayments and other deposits	4,890	5,301	145	145
Other receivables	10,459	5,675	—	—
	16,828	12,451	145	145

The fair values of other receivables, deposits and prepayments approximate their carrying amounts. The above balances are expected to be recovered within one year.

21. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Deposits with bank	20,000	20,000	—	—
Cash at bank and in hand	54,620	91,086	361	421
	74,620	111,086	361	421

As at 31 December 2014, included in the deposits with bank amounted HK\$20,000,000 (2013: HK\$20,000,000) are pledged for a bank overdraft facility.

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of business of the regulated activities. The Group has classified the bank balances – trust and segregated accounts under current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. As at 31 December 2014, client money maintained in segregated accounts amounted to HK\$23,999,000 (2013: HK\$22,753,000).

NOTES TO THE FINANCIAL STATEMENTS

21. Cash and cash equivalents *(Continued)*

(b) Reconciliation of profit/(loss) before taxation to cash used in operating activities:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Profit/(loss) before taxation	759,327	(87,360)
Adjustments for:		
Share of results of associates	1,193	(171)
Gain on partial disposal of an associate	(1,214)	—
Depreciation	3,583	3,385
Finance costs	154	754
Interest income	(1,200)	(597)
Impairment loss on accounts receivable	2,095	40
Recovery of impairment loss on accounts receivable	(16)	(2)
Equity-settled share-based payment expenses	18,478	—
	782,400	(83,951)
Changes in working capital:		
Increase in other non-current assets	(8,051)	(70)
Increase in financial assets at fair value through profit or loss	(926,453)	(13,629)
(Increase)/decrease in accounts receivable	(152,928)	128,749
(Increase)/decrease in other receivables, deposits and prepayments	(4,377)	2,206
(Increase)/decrease in bank balances – trust and segregated accounts	(1,246)	18,960
Increase/(decrease) in accounts payable	108,735	(152,716)
Increase in accrued expenses and other payables	121,451	16,363
Increase/(decrease) in amounts due to directors	51	(24)
Net cash used in operating activities	(80,418)	(84,112)

NOTES TO THE FINANCIAL STATEMENTS

22. Accounts payable

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Accounts payable		
— Cash clients	28,489	82,946
— Brokers and dealers	163,201	9
	191,690	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\$23,999,000 (2013: HK\$22,753,000).

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

23. Accrued expenses and other payables

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued staff costs	141,168	21,365	36	24
Stamp duty, trading levy and trading fee payables	119	295	—	—
Other payables	5,984	4,160	—	16
	147,271	25,820	36	40

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.

24. Employee retirement benefits — defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the plan vest immediately.

NOTES TO THE FINANCIAL STATEMENTS

25. Income tax in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	The Group		The Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Provision for Hong Kong Profits Tax for the year	450	—	—	—
Provisional Profits Tax paid	—	—	—	—
	450	—	—	—

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
Deferred tax liabilities/(assets) arising from:			
At 1 January 2013	954	(954)	—
(Credited)/charged to profit or loss	(176)	176	—
At 31 December 2013	778	(778)	—
At 1 January 2014	778	(778)	—
(Credited)/charged to profit or loss	(276)	276	—
At 31 December 2014	502	(502)	—

At 31 December 2014, no deferred tax asset has been recognised in respect of the tax losses of HK\$139 million (2013: HK\$347 million) to the extent that it is not probable that future taxable profit against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

26. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 35. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK\$'000	Share premium HK\$'000	Shares held by share award scheme HK\$'000	Share-based payment reserve HK\$'000	Accumulated (losses)/ retained profit HK\$'000	Total HK\$'000
At 1 January 2013	3,845	411,925	—	—	(138,579)	277,191
Issue of subscription shares	270	82,080	—	—	—	82,350
Cost of issuance of subscription shares	—	(392)	—	—	—	(392)
Total comprehensive income for the year	—	—	—	—	(172)	(172)
At 31 December 2013 and 1 January 2014	4,115	493,613	—	—	(138,751)	358,977
Shares issued under share swap agreement	178	42,554	—	—	—	42,732
Transition to no-par value regime on 3 March 2014	536,167	(536,167)	—	—	—	—
Issue of subscription shares	40,000	—	—	—	—	40,000
Cost of issuance of subscription shares	(99)	—	—	—	—	(99)
Shares issued under share option scheme	34,055	—	(34,055)	18,478	—	18,478
Shares vested under share award scheme	—	—	11,042	(11,042)	—	—
Total comprehensive income for the year	—	—	—	—	22,726	22,726
At 31 December 2014	614,416	—	(23,013)	7,436	(116,025)	482,814

NOTES TO THE FINANCIAL STATEMENTS

26. Capital, reserves and dividends *(Continued)*

(b) Nature and purpose of reserves

(i) *Share premium reserve*

Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve was governed by sections 48B and 49H respectively of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the company's share capital (see note 26(e)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) *Shares held by share award scheme and share-based payment reserve*

The Company's shares held by Reorient Share Award Scheme Nominee Limited for the share award scheme are presented as a deduction in equity as shares held for share award scheme.

Share-based payment reserve represents the grant date fair value of unexercised share options granted to employees of the company that has been recognised in accordance with the accounting policy adopted for share-based payments.

(iii) *Asset revaluation reserve*

The asset revaluation reserve arose on the revaluation of the trading rights in the exchanges in Hong Kong in prior years. The carrying value of the trading rights have been fully amortised in previous years. The remaining revaluation reserve will be realized when the Group dispose of the trading rights.

(iv) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(c) Distributability of reserves

As at 31 December 2014, the Company did not have any reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the new Hong Kong Companies Ordinance (Cap. 622) (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS

26. Capital, reserves and dividends *(Continued)*

(d) Dividends

No dividend was paid or proposed for the year ended 31 December 2014 (2013: nil), nor has any dividend been proposed since the end of the reporting period.

(e) Share capital

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:

	2014		2013	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised ordinary shares of HK\$0.01 each	—	—	2,000,000,000	20,000
Issued and fully paid				
Balance brought forward	411,494,527	4,115	384,494,527	3,845
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	27,000,000	270
Shares issued under share option scheme	9,330,239	34,055	—	—
Balance carried forward	455,651,221	614,919	411,494,527	4,115

NOTES TO THE FINANCIAL STATEMENTS

26. Capital, reserves and dividends *(Continued)*

(e) Share capital *(Continued)*

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.

(i) Issue of shares under share swap agreement

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 were disclosed in the Company's announcement dated 23 November 2013. It is a non-cash transaction.

(ii) Issue of subscription shares

On 26 June 2014, arrangements were made for a private placement to independent investors of 17,021,277 shares in the Company held by Gainhigh Holdings Limited ("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. The subscription was completed on 9 July 2014 and 17,021,277 shares were issued to Gainhigh. After deducting the expenses in connection with private placement amounting to HK\$99,000, the net proceeds from placement of ordinary shares is HK\$39,901,000, of which approximately HK\$3,105,000 was used as a funding to 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 business of securities broking, corporate finance and direct investments.

(iii) Issue of shares under share option scheme

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. As at the date this report, 9,330,239 share options were exercised. Details of the share option scheme were disclosed in the Company's announcement dated 30 October 2014.

NOTES TO THE FINANCIAL STATEMENTS

26. Capital, reserves and dividends *(Continued)*

(f) Capital management

Capital comprises of share capital and reserves stated on the Group's and the Company's statement of financial position. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity analyses. Neither the Company nor its subsidiaries, except for Reorient Financial Markets Limited ("RFM") and Reorient Capital Markets Limited ("RCM"), is subject to externally imposed capital requirements. RFM and RCM are regulated by the Securities and Futures Commission ("SFC") and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance.

The management monitors RFM and RCM's liquid capital daily to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules ("FRR") adopted by SFC. Under the FRR, RFM and RCM must maintain its liquid capital in excess of HK\$3 million or 5% of their total adjusted liabilities whichever is higher. The required information was filed with SFC on a monthly basis. RFM and RCM were in compliance with the capital requirements imposed by FRR during the current and prior years except RFM have breached the capital requirement for certain days from 1 January 2014 to 31 March 2014 and 30 September 2014 to 6 October 2014. RFM has reported to SFC about the incidents.

27. Employee share-based arrangements

(a) Share option scheme

The Company has a share option scheme which was adopted on 21 July 2011 whereby the directors of the Company are authorised, at their discretion, to invite eligible participant (employee, director, consultant of each member of the Group) to take up options to subscribe for shares of the Company. The Company has issued in total 10,495,412 share options. 9,330,239 options are immediately exercised at fair value of HK\$3.65.

The exercise price of the remaining 1,165,173 share options granted was HK\$3.65 with an exercise period of three years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share of the Company.

NOTES TO THE FINANCIAL STATEMENTS

27. Employee share-based arrangements *(Continued)*

(a) Share option scheme *(Continued)*

(i) *The number and weighted average exercise prices of share options are as follows:*

	2014		2013	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	3.65	10,495,412	—	—
Exercised during the year	3.65	(9,330,239)	—	—
Outstanding at the end of the year	3.65	1,165,173	—	—
Exercisable at the end of the year	3.65	1,165,173	—	—

(ii) *Fair value of share options and assumptions*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options is measured based on the Black-Scholes Option-Pricing model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

	2014	2013
Fair value at measurement date	HK\$1.45	—
Share price	HK\$3.73	—
Exercise price	HK\$3.65	—
Expected volatility	56.73%	—
Option life	3 years	—
Risk-free interest rate (based on Exchange Fund Notes)	0.66%	—

NOTES TO THE FINANCIAL STATEMENTS

27. Employee share-based arrangements *(Continued)*

(a) Share option scheme *(Continued)*

(ii) **Fair value of share options and assumptions** *(Continued)*

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(b) Share award scheme

On 17 October 2014, the board of directors approved the adoption of the share award scheme. The purpose of the share award scheme is to (i) encourage or facilitate the holding of shares by the selected participants; (ii) encourage and retain such individuals to work with the Company and the Group and (iii) provide additional incentive for them to achieve performance goals, and the share award scheme took effect on 30 October 2014.

The awarded shares are awarded by issuing new ordinary shares. Before vesting, the awarded shares are held in a trust set up by the scheme.

The fair value of the awarded shares at the date of the grant is charged to staff costs and related expenses over the projected vesting period being the period for which the services from the employees are rendered with a corresponding credit to employee share-based payment reserve.

Upon vesting and transfer to the awardees, the related costs of the shares are credited to share held for share award scheme, and the related fair value of the shares are debited to share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

27. Employee share-based arrangements *(Continued)*

(b) Share award scheme *(Continued)*

(i) Details of the awarded shares awarded during 2014

Date of approval by Board	Date of award	Awarded Sum HK\$'000	Number of shares issued	Number of awarded shares awarded	Average fair value per share HK\$	Vesting period
30 Oct 2014	31 Oct 2014	11,042	3,025,206	3,025,206	3.65	31 Oct 2014 – 31 Dec 2014
30 Oct 2014	31 Oct 2014	904	247,660	247,660	3.65	31 Oct 2014 – 01 Feb 2015
30 Oct 2014	31 Oct 2014	1,298	355,667	355,667	3.65	31 Oct 2014 – 18 Feb 2015
30 Oct 2014	31 Oct 2014	1,620	443,791	443,791	3.65	31 Oct 2014 – 26 Feb 2015
30 Oct 2014	31 Oct 2014	2,732	748,345	748,345	3.65	31 Oct 2014 – 20 Mar 2015
30 Oct 2014	31 Oct 2014	562	153,968	153,968	3.65	31 Oct 2014 – 14 Aug 2015
30 Oct 2014	31 Oct 2014	3,650	1,000,000	1,000,000	3.65	31 Oct 2014 – 16 Sep 2015
30 Oct 2014	31 Oct 2014	2,835	776,666	776,666	3.65	31 Oct 2014 – 30 Oct 2015
30 Oct 2014	31 Oct 2014	1,371	375,629	375,629	3.65	31 Oct 2014 – 14 Dec 2015
30 Oct 2014	31 Oct 2014	904	247,660	247,660	3.65	31 Oct 2014 – 02 Jan 2016
30 Oct 2014	31 Oct 2014	2,731	748,345	748,345	3.65	31 Oct 2014 – 20 Mar 2016
30 Oct 2014	31 Oct 2014	562	153,968	153,968	3.65	31 Oct 2014 – 14 Aug 2016
30 Oct 2014	31 Oct 2014	3,650	1,000,000	1,000,000	3.65	31 Oct 2014 – 16 Sep 2016
30 Oct 2014	31 Oct 2014	97	26,667	26,667	3.65	31 Oct 2014 – 29 Oct 2016
30 Oct 2014	31 Oct 2014	97	26,667	26,667	3.65	31 Oct 2014 – 29 Oct 2017

(ii) Details of the awarded shares vested during 2014

Date of award	Average fair value per share HK\$	2014		2013	
		Number of awarded shares vested	Fair value of related awarded shares HK\$'000	Number of awarded shares vested	Fair value of related awarded shares HK\$'000
05 Nov 2014	3.65	2,650,702	9,675	—	—
14 Dec 2014	3.65	374,504	1,367	—	—
		3,025,206	11,042	—	—

NOTES TO THE FINANCIAL STATEMENTS

27. Employee share-based arrangements *(Continued)*

(b) Share award scheme *(Continued)*

(iii) *Movements in the number of awarded shares awarded*

	2014	2013
	Number of awarded shares	Number of awarded shares
Outstanding at 1 January	—	—
Awarded	9,330,239	—
Vested	(3,025,206)	—
	<hr/>	<hr/>
Outstanding at 31 December	6,305,033	—

28. Commitments

(a) Operating lease commitments

As lessee

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	2013
	HK\$'000	HK\$'000
Within one year	8,051	5,077
After one year but within five years	25,169	1,018
	<hr/>	<hr/>
	33,220	6,095

The Group leases a number of offices under operating leases. The leases run for an initial period of one to five years. None of the leases includes contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

28. Commitments *(Continued)*

(b) Capital commitments

- (i) 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, the amount shall be payable upon receipt of written notice from ReOil, LLC and in six equal instalments.

During the year, Reorient Investments has purchased 500 additional Series B Units from ReOil, LLC for a cash consideration of USD500,000. As of 31 December 2014, Reorient Investments had a commitment to purchase 100 Series B Units.

- (ii) On 29 May 2014, Reorient Global Limited (“Reorient Global”), a wholly owner subsidiary of the Company, entered into a subscription agreement with 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.
- (iii) On 24 November 2014, Reorient Global entered into a subscription agreement with China Star Cultural Media Group Limited. Reorient Global has agreed to subscribe for 55,192,195 new ordinary shares and 55,192,194 new convertible preferred shares for a cash consideration of HK\$22,077,000, 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 transaction has not been completed.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to accounts and other receivables and bank balances (segregated and general accounts). Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of accounts and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 0% (2013: 6%) and 7% (2013: 6%) of the total accounts and other receivables was due from the Group's largest customer and the five largest customers respectively.

Bank balances (segregated and general accounts) are placed with high-credit-quality institutions and management considers that the credit risk for such is minimal.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 19.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with FRR. The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company, as applicable, can be required to pay:

The Group

	Contractual undiscounted cash outflow		Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	Total HK\$'000	
As at 31 December 2014			
Accounts payable	191,690	191,690	191,690
Accrued expenses and other payables	147,271	147,271	147,271
Amounts due to directors	531	531	531
	339,492	339,492	339,492

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(b) Liquidity risk *(Continued)*

The Group *(Continued)*

	Contractual undiscounted cash outflow		Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	Total HK\$'000	
As at 31 December 2013			
Accounts payable	82,955	82,955	82,955
Accrued expenses and other payables	25,820	25,820	25,820
Amounts due to directors	480	480	480
	<u>109,255</u>	<u>109,255</u>	<u>109,255</u>

The Company

	Contractual undiscounted cash outflow		Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	Total HK\$'000	
As at 31 December 2014			
Accrued expenses and other payables	36	36	36
Amounts due to directors	531	531	531
	<u>567</u>	<u>567</u>	<u>567</u>

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(b) Liquidity risk *(Continued)*

The Company *(Continued)*

	Contractual undiscounted cash outflow		Carrying amount at 31 December HK\$'000
	Within 1 year or on demand HK\$'000	Total HK\$'000	
As at 31 December 2013			
Accrued expenses and other payables	40	40	40
Amounts due to directors	480	480	480
	520	520	520

(c) Interest rate risk

The Group's exposure to cashflow interest rate risk is mainly attributable to its bank balances (trust, segregated and general accounts). The Group's fair value interest rate risk relates primarily to fixed-rate overdue accounts receivable and fixed deposits held under bank balance – trust and segregated accounts.

The Group currently does not have any interest rate hedging policy. The management monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(c) Interest rate risk *(Continued)*

(i) Interest rate profile *(Continued)*

The following table details the interest rate profile of the Group at the end of the reporting period.

The Group

	2014		2013	
	Effective interest rate %	Amount HK'000	Effective interest rate %	Amount HK\$'000
Assets				
General account bank balance	0.001 — 0.01	48,831	0.001 — 0.01	48,709
Trust account bank balance	0.001 — 0.01	968	0.001 — 0.01	583
		49,799		49,292

(ii) Sensitivity analysis

	2014	2013
Assume interest rate increased by	1%	1%
Effect on profit after tax (HK\$'000)	416	412

The sensitivity analysis above has been determined assuming that the increase in interest rates had occurred at the end of the reporting period and has been applied to the Group's exposure to interest rate risk for financial instruments in existence at that date. A 100 basis points (2013: 100 basis points) increase in interest rates represents management's assessment of a reasonably possible change in interest rates. The management considers the effect of decrease in interest rates is not significant to the Company.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(d) Foreign currency risk

The Group is exposed to currency risk primarily arising from financial instruments that are denominated in United States dollars ("USD"), Korean Won ("KRW"), Renminbi ("RMB") and Japanese Yen ("JPY"). As the Hong Kong dollar is pegged to the USD, the Group considers the risk of movements in exchange rates between the HKD and the USD to be insignificant. The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its interest in an associate and bank balances in currencies other than USD, such as KRW, JPY and RMB. However, the management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Group's functional currency of Hong Kong dollars. For presentation purposes, the amounts of the exposure are expressed in Hong Kong dollars.

The Group

	2014							
	United States Dollars HK\$'000	Japanese Yen HK\$'000	China Renminbi HK\$'000	Korean Won HK\$'000	Australian Dollars HK\$'000	United Kingdom Sterling HK\$'000	Singapore Dollars HK\$'000	Canadian Dollars HK\$'000
Interest in associates	870	—	—	26,441	—	—	—	—
Financial assets at fair value through profit or loss	—	—	—	—	204	—	—	—
Accounts and other receivables	1	162,146	—	—	727	2	1	5
Bank balance — trust and segregated accounts	992	—	1	—	146	56	7	19
Cash and cash equivalents	11,704	—	10,281	—	687	39	227	48
Accounts and other payables	(992)	(161,918)	(1)	—	(135)	(56)	(7)	(19)
Net exposure to currency risk	12,575	228	10,281	26,441	1,629	41	228	53

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(d) Foreign currency risk *(Continued)*

(i) Exposure to currency risk *(Continued)*

The Group *(Continued)*

	2013							
	United States Dollars HK\$'000	Japanese Yen HK\$'000	China Renminbi HK\$'000	Korean Won HK\$'000	Australian Dollars HK\$'000	United Kingdom Sterling HK\$'000	Singapore Dollars HK\$'000	Canadian Dollars HK\$'000
Interest in an associate	—	—	—	33,076	—	—	—	—
Accounts and other receivables	12	—	—	—	—	2	234	—
Bank balance — trust and segregated accounts	901	—	—	—	601	78	22	17
Cash and cash equivalents	9,971	121	11,980	—	298	152	244	52
Accounts and other payables	(901)	—	—	—	(601)	(78)	(255)	(17)
Net exposure to currency risk	9,983	121	11,980	33,076	298	154	245	52

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(d) Foreign currency risk *(Continued)*

(ii) Sensitivity analysis

The Group's significant net exposure to Renminbi and Korean Won at the reporting date and the estimated impact to the Group's profit/(loss) for the year had the foreign exchange rates of Renminbi and Korean Won changed at that date are illustrated below. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

The Group

	2014			2013		
	Net assets in foreign currency HK\$'000	Appreciation/ (depreciation) in foreign currency %	Effect on profit after tax and retained profits HK\$'000	Net assets in foreign currency HK\$'000	Appreciation/ (depreciation) in foreign currency %	Effect on loss after tax and retained profits HK\$'000
Renminbi	10,281	10 (10)	858 (858)	11,980	10 (10)	1,000 (1,000)
Korean Won	26,441	10 (10)	2,208 (2,208)	33,076	10 (10)	2,762 (2,762)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the reporting period. The analysis is performed on the same basis for 2013.

(e) 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 (see note 18) held by the Group. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are dealt with in consolidated income statement. The performance is monitored regularly, together with an assessment of its relevance to the Group's strategic plans.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(e) Equity price risk *(Continued)*

The underlying equity securities of the Group's unlisted derivative are listed on The Stock Exchange of Hong Kong Limited. At 31 December 2014, it is estimated that an increase/decrease of 5% in the relevant stock, with all other variables held constant, would have increased/decreased the group's profit after tax (and retained earnings) as follows:

The Group

Change in the relevant equity price risk variable:	2014		2013	
	%	Effect on profit after tax and retained profit HK\$'000	%	Effect on profit after tax and retained profit HK\$'000
Increase	5	46,243	5	952
Decrease	(5)	(46,451)	(5)	(932)

(f) Fair value measurement

Financial instrument measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instrument measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(f) Fair value measurement *(Continued)*

Financial instrument measured at fair value *(Continued)*

(i) Fair value hierarchy *(Continued)*

The table below analyses financial instrument carried at fair value, by valuation method:

The Group

	Fair value measurements as at 31 December 2014 categorised into		Fair value measurements as at 31 December 2013 categorised into	
	Level 1 HK\$'000	Level 2 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000
Recurring fair value measurement				
Investment designated as at fair value through profit or loss:				
Trading securities:				
— Listed	414,115	—	—	—
Derivative financial instruments:				
— Unlisted convertible preferred shares	—	556,427	—	—
Held for trading:				
— Unlisted share options	—	12,272	—	13,629
	414,115	568,699	—	13,629

During the years ended 31 December 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The Group determines the fair value of share option by applying an option valuation model technique such as the Black-Scholes Option-Pricing model. The Group determines the fair value of convertible preferred shares by applying discounted cash flow method. Inputs are based on market related data at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(g) Offsetting financial assets and financial liabilities

(i) *Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements*

As at 31 December 2014					
Type of financial assets	Gross amount of recognised financial assets HK\$'000	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position HK\$'000	Net amount of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position	Net amount HK\$'000
				Cash collateral received HK\$'000	
Accounts receivable due from clearing house	4,752	(3,719)	1,033	—	1,033

As at 31 December 2013					
Type of financial assets	Gross amount of recognised financial assets HK\$'000	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position HK\$'000	Net amount of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position	Net amount HK\$'000
				Cash collateral received HK\$'000	
Accounts receivable due from clearing house	60,311	(11,129)	49,182	—	49,182

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(g) Offsetting financial assets and financial liabilities *(Continued)*

(ii) *Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements*

As at 31 December 2014					
Type of financial liabilities	Gross amount of recognised financial liabilities HK\$'000	Gross amount of recognised financial assets offset in the consolidated statement of financial position HK\$'000	Net amount of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position	Net amount HK\$'000
				Collateral pledged HK\$'000	
Accounts payable due to clearing house	3,719	(3,719)	—	—	—

As at 31 December 2013					
Type of financial liabilities	Gross amount of recognised financial liabilities HK\$'000	Gross amount of recognised financial assets offset in the consolidated statement of financial position HK\$'000	Net amount of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position	Net amount HK\$'000
				Collateral pledged HK\$'000	
Accounts payable due to clearing house	11,129	(11,129)	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

29. Financial risk management and fair value of financial instrument *(Continued)*

(g) Offsetting financial assets and financial liabilities *(Continued)*

(iii) The tables below reconcile the “net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position”, as set out above, to the accounts receivable and accounts payable presented in the consolidated statement of financial position.

	2014 HK\$'000	2013 HK\$'000
Net amount of financial assets after offsetting as stated above	1,033	49,182
Financial assets not in scope of offsetting disclosure	247,824	47,151
Impairment losses	(28,281)	(26,606)
	220,576	69,727
Net amount of financial liabilities after offsetting as stated above	—	—
Financial liabilities not in scope of offsetting disclosure	191,690	82,955
	191,690	82,955

30. Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

31. Material related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Short-term benefits	58,946	48,277
Post-employment benefits	201	238
	59,147	48,515

Total remuneration is included in "staff costs" (see note 6(a)).

(b) Other transactions with related parties

	2014 HK\$'000	2013 <i>HK\$'000</i>
Placing commission (<i>note (i)</i>)	75	13,465
Consultancy fee income	—	5,629
Advisory fee income (<i>note (ii)</i>)	47,410	965
	47,485	20,059

Note:

- (i) On 26 June 2014, Gainhigh Holdings Limited placed existing shares of the Company at a price of HK\$2.35 per share. RFM acting as the broker of Gainhigh, received a commission income at a rate of 0.25% of the placing consideration from one of the purchasers, China Jiu hao Health Industry Corporation Limited ("China Jiu hao Health") where one of our independent non-executive directors, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director of this company. The placement was completed on 2 July 2014.
- (ii) The Group provided advisory services to (i) China WindPower Group Limited and Frontier Services Group Limited where our chairman Mr. Ko is a substantial shareholder and executive director in these companies; (ii) KuangChi Science Limited where our chairman Mr. Ko is an executive director of this company; (iii) China Jiu hao Health 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 (iv) Brockman Mining Limited where one of our independent non-executive directors, Mr. Liu Zhengui, is a non-executive director of this company.

NOTES TO THE FINANCIAL STATEMENTS

32. Immediate and ultimate holding company

The directors consider the immediate parent and ultimate holding company of the Company as at 31 December 2014 to be Gainhigh Holdings Limited which is incorporated in the British Virgin Islands and beneficially owned by Mr. Ko. Gainhigh Holdings Limited does not produce financial statements available for public use.

33. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
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, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the company's first financial year commencing after 3 March 2014 (i.e. the company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
RESULTS					
Revenue	133,370	77,516	46,796	22,207	14,041
Profit/(loss) before taxation	759,327	(87,360)	(96,307)	(8,802)	2,510
Taxation	(450)	—	—	—	—
Profit/(loss) for the year attributable to equity shareholders of the Company	758,877	(87,360)	(96,307)	(8,802)	2,510
Basic earnings/(loss) per share (HK\$)	1.73	(0.22)	(0.25)	(0.07)	0.08
ASSETS AND LIABILITIES					
Fixed assets	5,289	6,247	6,897	8,920	73
Intangible assets	550	550	—	—	—
Interest in associates	27,311	33,076	—	—	—
Financial assets at fair value through profit or loss	556,427	—	—	—	—
Other non-current assets	8,856	805	735	430	475
Net current assets/(liabilities)	422,468	120,391	158,523	246,911	(107,639)
Non-current liabilities	—	—	—	—	—
	1,020,901	161,069	166,155	256,261	(107,091)
Share capital and other statutory capital reserves	614,919	498,231	416,273	416,273	351,096
Other reserves	400,015	(343,184)	(255,965)	(160,012)	(458,187)
	1,014,934	155,047	160,308	256,261	(107,091)
Non-controlling interests	5,967	6,022	5,847	—	—
Total equity/(deficit)	1,020,901	161,069	166,155	256,261	(107,091)

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