



# 2015

## INTERIM REPORT

# CONTENTS

	Page
Corporate Information	2
Management Discussion and Analysis	3
Other Information	8
Review Report	15
Condensed Consolidated Income Statement	17
Condensed Consolidated Statement of Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Statement of Cash Flows	22
Notes to the Condensed Consolidated Interim Financial Report	23

## 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 Director**

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](http://www.reorientgroup.com)

### STOCK CODE

376

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of REORIENT GROUP LIMITED (the “Company”) is pleased to present the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014.

### BUSINESS REVIEW AND PROSPECTS

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

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

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

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

## **OVERALL PERFORMANCE**

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

## **BROKERAGE BUSINESS**

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

## **FINANCIAL CONSULTANCY AND ADVISORY BUSINESS**

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

## **PLACING AND UNDERWRITING BUSINESS**

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

## **FINANCIAL REVIEW**

### **LIQUIDITY AND FINANCIAL RESOURCES**

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

### **CAPITAL STRUCTURE**

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

### **FOREIGN EXCHANGE RISK**

The Group has assets and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange amounts in the different currencies. The Group considers that its exposure to US dollar ("USD") is insignificant on the ground that the Hong Kong dollar ("HKD") is pegged to the USD.

The Group is exposed to currency risk arising from various currency exposures mainly to the extent of its interest in associates and bank balances in currencies other than the USD, such as the Korean Won, Japanese Yen and Renminbi. Management of the Group monitors the foreign exchange exposure and will hedge significant foreign currency exposure should the need arise.

During the six months ended 30 June 2015, the Group did not engage in the use of any financial instruments for hedging purposes, and there were no hedging instruments outstanding as at 30 June 2015.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

The Group did not have material acquisitions and disposals of subsidiaries and associates during the six months ended 30 June 2015.

## **CHARGE ON ASSETS**

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

## **COMMITMENTS**

As at 30 June 2015, rental payments under non-cancellable operating leases on office premises amounted to HK\$29,266,000 (31 December 2014: HK\$33,220,000).

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

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

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

## **CONTINGENT LIABILITIES**

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

## **STAFFING AND REMUNERATION**

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

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



## OTHER INFORMATION

### 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 30 June 2015, the interests and short positions of each director of the Company (the "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 of Hong Kong Limited (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 Rules Governing the Listing of Securities (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	50.17%
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"). 100% of the issued share capital of Gainhigh was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.

Save as disclosed above, as at 30 June 2015, 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.

During the six months period, 1,165,173 share options were exercised and no share options were issued. As at 30 June 2015, no share options were outstanding.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above and in this report, at no time during the six months ended 30 June 2015 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.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 30 June 2015, the Company had been notified of the following substantial shareholders' and other persons' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Name of Shareholder	Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding (Note 9)
Mr. Ko Chun Shun, Johnson (Note 1)	Held by controlled corporation	229,180,726	50.17%
Insula Holdings Limited (Note 1)	Held by controlled corporation	229,180,726	50.17%
Gainhigh Holdings Limited (Note 1)	Beneficial owner	229,180,726	50.17%
Shaw David Elliot (Note 2)	Held by controlled corporation	31,584,000	6.91%
D. E. Shaw Valence Portfolios, L.L.C. (Note 2)	Held by controlled corporation	31,584,000	6.91%
D. E. Shaw Composite Portfolios, L.L.C. (Note 2)	Held by controlled corporation	31,584,000	6.91%
D. E. Shaw & Co., Inc (Note 2)	Held by controlled corporation	31,584,000	6.91%

Name of Shareholder	Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding (Note 9)
D. E. Shaw & Co., L.P. (Note 2)	Investment manager	31,584,000	6.91%
D. E. Shaw & Co., L.L.C (Note 2)	Held by controlled corporation	31,584,000	6.91%
D. E. Shaw & Co. II, Inc (Note 2)	Held by controlled corporation	31,584,000	6.91%
D. E. Shaw & Co. (Asia Pacific) Limited (Note 2)	Investment manager	31,584,000	6.91%
Mr. Ma Yun (Note 3, 4)	Held by controlled corporation	1,342,976,000	294.00%
Mr. Yu Feng (Note 3, 4)	Held by controlled corporation	1,342,976,000	294.00%
Yunfeng Financial Holdings Limited (Note 3, 4)	Held by controlled corporation	1,342,976,000	294.00%
Key Imagination Limited (Note 3, 4)	Held by controlled corporation	1,342,976,000	294.00%
Jade Passion Limited (Note 3, 4)	Beneficial owner	1,342,976,000	294.00%
Ms. Lian Yi (Note 3, 5)	Held by controlled corporation	167,872,000	36.75%
Clear Expert Limited (Note 3, 5)	Held by controlled corporation	167,872,000	36.75%
Violet Passion Holdings Limited (Note 3, 5)	Beneficial owner	167,872,000	36.75%

Name of Shareholder	Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding (Note 9)
Ms. Lu Yongqing (Note 3, 6)	Held by controlled corporation	167,872,000	36.75%
Gentle Bright Development Limited (Note 3, 6)	Beneficial owner	167,872,000	36.75%
Ms. Sun Dan (Note 3, 7)	Held by controlled corporation	155,882,000	34.12%
Alpha Estate Holdings Limited (Note 3, 7)	Held by controlled corporation	155,882,000	34.12%
Harbour Yields Limited (Note 3, 7)	Beneficial owner	155,882,000	34.12%
Ms. Fan Yufang (Note 3, 8)	Held by controlled corporation	107,918,000	23.62%
Mr. Zhang Fengwu (Note 3, 8)	Held by controlled corporation	107,918,000	23.62%
Eagle Mission Investments Limited (Note 3, 8)	Held by controlled corporation	107,918,000	23.62%
Chosen Global Holdings Limited (Note 3, 8)	Beneficial owner	107,918,000	23.62%

*Notes:*

1. Mr. Ko Chun Shun, Johnson, the Chairman and an executive Director of the Company, was interested in 229,180,726 shares through Gainhigh. 100% of the issued share capital of Gainhigh was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.
2. 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 31,584,000 shares by virtue of the SFO.

3. On 7 May 2015, the Company and Jade Passion Limited, Violet Passion Holdings Limited, Gentle Bright Development Limited, Harbour Yields Limited and Chosen Global Holdings Limited (collectively, the “Investors”) entered into five separate Subscription Agreements pursuant to which each of the Investors has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 1,942,520,000 subscription shares (“Subscription Shares”) at an issue price of HK\$2.00 per Subscription Share to the Investors in an aggregate amount of HK\$3,885,040,000. The issue of the Subscription Shares will be subject to the successful application for the granting of the whitewash waiver by the Securities and Futures Commission, and a specific mandate to be approved by the independent shareholders at the Company’s extraordinary general meeting by ordinary resolution. The details of the subscription are disclosed in the announcement of the Company dated 29 May 2015.
4. Mr. Ma Yun and Mr. Yu Feng were interested in 1,342,976,000 shares through Jade Passion Limited, a company which is owned as to 73.21% of its issued share capital by Key Imagination Limited. 68% of the issued share capital of Key Imagination Limited is owned by Yunfeng Financial Holdings Limited, the issued share capital of which in turn, is owned as to 40% and 60%, respectively, by Mr. Ma Yun and Mr. Yu Feng.
5. Ms. Lian Yi was interested in 167,872,000 shares through Violet Passion Holdings Limited, a wholly-owned subsidiary of Clear Expert Limited, which in turn is a company wholly-owned by Ms. Lian Yi.
6. Ms. Lu Yongqing was interested in 167,872,000 shares through wholly-owned company, Gentle Bright Development Limited.
7. Ms. Sun Dan was interested in 155,882,000 shares through Harbour Yields Limited, a wholly-owned subsidiary of Alpha Estate Holdings Limited, which in turn is a company wholly-owned by Ms. Sun Dan.
8. Ms. Fan Yufang and Mr. Zhang Fengwu were both interested in 107,918,000 shares through Chosen Global Holdings Limited, a wholly-owned subsidiary of Eagle Mission Investments Limited, which in turn is a company jointly-owned by Ms. Fan Yufang and Mr. Zhang Fengwu.
9. The percentage of shareholding is calculated in reference to the Company’s number of shares in issue as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, 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.

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

During the six months ended 30 June 2015, other than acting as an agent for clients of the Group, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE**

The Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code"), as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

All other information on the Corporate Governance Code of the Company has been disclosed in the corporate governance report contained in the 2014 Annual Report of the Company despatched to the shareholders in April 2015.

## **MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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. Upon enquiry by the Company, all the directors of the Company have confirmed that they have complied with the required standards as stated in the Model Code throughout the six months ended 30 June 2015.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company, Mr. Chu Chung Yue, Howard ("Mr. Chu"), Mr. Liu Zhengui and Dr. Wong Yau Kar, David, BBS, JP. Mr. Chu is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code.

This unaudited condensed consolidated interim financial report of the Group for the six months ended 30 June 2015 has been reviewed by the Audit Committee.

## **CHANGES OF DIRECTORS' INFORMATION**

The Change of directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Ko Chun Shun, Johnson has resigned as an executive director and the vice chairman of Concord New Energy Group Limited (formerly, China WindPower Group Limited) a company listed on the main board of the Hong Kong Stock Exchange, on 19 June 2015.

Ms. Ko Wing Yan, Samantha has resigned as a non-executive director of Concord New Energy Group Limited, a company listed on the main board of the Hong Kong Stock Exchange, on 19 June 2015.

Mr. Tsoi Tong Hoo, Tony, the executive director of the Company, has resigned as an executive director and the chief executive officer of Varitronix International Limited, a company listed on the main board of the Hong Kong Stock Exchange, on 31 March 2015.



## **REVIEW REPORT TO THE BOARD OF DIRECTORS OF REORIENT GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial report set out on pages 17 to 48 which comprises the condensed consolidated statement of financial position of REORIENT GROUP LIMITED (the “Company”) as of 30 June 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

## **KPMG**

*Certified Public Accountants*

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

5 August 2015

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Revenue</b>	4	<b>121,569</b>	35,206
Other operating income	5	<b>1,159</b>	464
Other net loss	6	<b>(47,970)</b>	(13,902)
Staff costs		<b>(52,109)</b>	(39,277)
Depreciation		<b>(1,557)</b>	(1,683)
Other operating expenses		<b>(49,838)</b>	(23,189)
<b>Loss from operations</b>		<b>(28,746)</b>	(42,381)
Finance costs		<b>(55)</b>	(36)
Share of results of associates		<b>(1,683)</b>	(827)
Provision for impairment loss of interest in an associate		<b>(714)</b>	—
<b>Loss before taxation</b>	7	<b>(31,198)</b>	(43,244)
Income tax	8	<b>(24,304)</b>	—
<b>Loss for the period</b>		<b>(55,502)</b>	(43,244)
<b>Loss for the period attributable to:</b>			
— Equity shareholders of the Company		<b>(52,180)</b>	(43,048)
— Non-controlling interests		<b>(3,322)</b>	(196)
		<b>(55,502)</b>	(43,244)
<b>Loss per share attributable to equity shareholders of the Company</b>			
Basic and diluted ( <i>HK cents</i> )	9	<b>(11.45)</b>	(10.06)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss for the period</b>	<b>(55,502)</b>	(43,244)
<b>Other comprehensive income for the period</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of results of foreign operations	<b>(664)</b>	(323)
Share of other comprehensive income of an associate	<b>(1,265)</b>	—
<b>Total comprehensive income for the period</b>	<b>(57,431)</b>	(43,567)
<b>Total comprehensive income for the period attributable to:</b>		
— Equity shareholders of the Company	<b>(54,063)</b>	(43,217)
— Non-controlling interests	<b>(3,368)</b>	(350)
	<b>(57,431)</b>	(43,567)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	3,756	5,289
Intangible assets		550	550
Interest in associates	13	23,083	27,311
Financial assets at fair value through profit or loss	14	324,364	556,427
Other non-current assets		17,861	8,856
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>369,614</b>	598,433
<b>Current assets</b>			
Financial assets at fair value through profit or loss	14	499,107	426,387
Accounts receivable	15	80,568	220,576
Other receivables, deposits and prepayments	16	3,522	16,828
Bank balance-trust and segregated accounts	17	180,361	23,999
Cash and cash equivalents	17	230,776	74,620
		<hr/>	<hr/>
<b>Total current assets</b>		<b>994,334</b>	762,410

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2015

		At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
<b>Current liabilities</b>			
Accounts payable	18	227,270	191,690
Accrued expenses and other payables	19	133,462	147,271
Amounts due to directors		616	531
Current taxation		13,421	450
<b>Total current liabilities</b>		<u>374,769</u>	<u>339,942</u>
<b>Net current assets</b>		<u>619,565</u>	<u>422,468</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>11,333</u>	—
<b>Net assets</b>		<u>977,846</u>	<u>1,020,901</u>
<b>Equity</b>			
Share capital and other statutory capital reserves	20	620,866	614,919
Other reserves		354,381	400,015
		<u>975,247</u>	1,014,934
Non-controlling interests		<u>2,599</u>	5,967
<b>Total equity</b>		<u>977,846</u>	<u>1,020,901</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to equity shareholders of the Company										
	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	Other Reserve HK\$'000	Accumulated (loss)/ retained profit HK\$'000	Sub total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
<b>Balance at 1 January 2014</b>	4,115	494,116	–	–	2,650	281	–	(346,115)	155,047	6,022	161,069
<b>Changes in equity for the six months ended 30 June 2014:</b>											
Shares issued under share swap agreement	178	42,554	–	–	–	–	–	–	42,732	–	42,732
Transition to no-par value regime on 3 March 2014	536,670	(536,670)	–	–	–	–	–	–	–	–	–
Loss for the period	–	–	–	–	–	–	–	(43,048)	(43,048)	(196)	(43,244)
Other comprehensive income for the period	–	–	–	–	–	(169)	–	–	(169)	(154)	(323)
<b>Balance at 30 June 2014 and at 1 July 2014</b>	540,963	–	–	–	2,650	112	–	(389,163)	154,562	5,672	160,234
<b>Changes in equity for the six months ended 31 December 2014:</b>											
Issue of subscription shares	40,000	–	–	–	–	–	–	–	40,000	–	40,000
Cost of issuance of subscription shares	(99)	–	–	–	–	–	–	–	(99)	–	(99)
Shares issued under share option scheme	34,055	–	(34,055)	18,478	–	–	–	–	18,478	–	18,478
Shares vested under share award scheme	–	–	11,042	(11,042)	–	–	–	–	–	–	–
Profit for the period	–	–	–	–	–	–	–	801,904	801,904	217	802,121
Other comprehensive income for the period	–	–	–	–	–	89	–	–	89	78	167
<b>Balance at 31 December 2014 and at 1 January 2015</b>	614,919	–	(23,013)	7,436	2,650	201	–	412,741	1,014,934	5,967	1,020,901
<b>Changes in equity for the six months ended 30 June 2015:</b>											
Shares issued under share award scheme	–	–	–	10,123	–	–	–	–	10,123	–	10,123
Shares vested under share award scheme	–	–	6,553	(6,553)	–	–	–	–	–	–	–
Exercise of share options	5,947	–	–	(1,694)	–	–	–	–	4,253	–	4,253
Loss for the period	–	–	–	–	–	–	–	(52,180)	(52,180)	(3,322)	(55,502)
Other comprehensive income for the period	–	–	–	–	–	(618)	(1,265)	–	(1,883)	(46)	(1,929)
<b>Balance at 30 June 2015</b>	620,866	–	(16,460)	9,312	2,650	(417)	(1,265)	360,561	975,247	2,599	977,846

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>Net cash generated from/(used in) operating activities</b>		<b>8,051</b>	(46,713)
<b>Investing activities</b>			
Payment for purchase of interest in an associate		—	(2,333)
Proceeds from disposal of financial assets at fair value through profit or loss		<b>143,657</b>	—
Other cash flows from investing activities		<b>922</b>	(1,101)
<b>Net cash generated from/(used in) investing activities</b>		<b>144,579</b>	(3,434)
<b>Financing activities</b>			
Net proceeds from issuance of shares under share option scheme		<b>3,679</b>	—
Other cash flows from financing activities		<b>(55)</b>	(36)
<b>Net cash generated from/(used in) financing activities</b>		<b>3,624</b>	(36)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>156,254</b>	(50,183)
<b>Cash and cash equivalents at 1 January</b>		<b>74,620</b>	111,086
<b>Effect of foreign exchange rate changes</b>		<b>(98)</b>	(323)
<b>Cash and cash equivalents at 30 June</b>	17	<b>230,776</b>	60,580

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

## 1. GENERAL INFORMATION

REORIENT GROUP LIMITED is a limited liability company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited. The condensed consolidated interim financial report for the period ended 30 June 2015 comprises the Company and its subsidiaries and the Group's interest in associates.

The condensed consolidated interim financial report is unaudited, but have been reviewed by the Company's audit committee and the Company's independent auditor, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 15 and 16. This condensed consolidated interim financial report has been approved for issuance by the Board on 5 August 2015.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Hong Kong Companies Ordinance (Cap. 32)).

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The condensed consolidated interim financial report for the six months ended 30 June 2015 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA. The condensed consolidated interim financial report should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").



## **2. BASIS OF PREPARATION** *(Continued)*

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

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

The condensed consolidated interim financial report is presented in HKD, and all values are stated to the nearest thousand (HK\$'000s), unless otherwise stated.

The accounting policies applied in preparing the condensed consolidated interim financial report are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2014, as disclosed in the annual report and financial statements for the year ended 31 December 2014.

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

The preparation of condensed consolidated interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

## **3. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

#### Summary of significant accounting policies

A summary of the significant accounting policies adopted and consistently applied by the Group in the preparation of these condensed consolidated interim financial report is set out below.

##### (a) 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Summary of significant accounting policies *(Continued)*

##### (a) Revenue recognition *(Continued)*

###### *(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.

##### (b) Translation of foreign currencies

Foreign currency transactions during the period 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 the 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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Summary of significant accounting policies *(Continued)*

##### (c) 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 period 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.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Summary of significant accounting policies *(Continued)*

##### (d) 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. 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 period 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.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

### **3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

#### **Summary of significant accounting policies** *(Continued)*

##### **(e) 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.

##### **(f) 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Summary of significant accounting policies (Continued)

##### (f) Segment reporting (Continued)

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.

### 4. REVENUE

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

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

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

### 5. OTHER OPERATING INCOME

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

## 6. OTHER NET LOSS

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

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Auditor's remuneration	<b>600</b>	550
Provision for impairment loss of accounts receivable	<b>20</b>	210
Provision for impairment loss of other receivables (note 13)	<b>10,904</b>	–
Information, data and communication expenses	<b>8,244</b>	7,012
Legal and professional fees	<b>6,332</b>	2,634
Operating lease charges in respect of properties	<b>4,031</b>	2,827
Exchange loss	<b>76</b>	104



## 8. INCOME TAX

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

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

## 9. LOSS PER SHARE

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

There were no potential dilutive ordinary shares for the six months ended 30 June 2015 and 2014, therefore basic loss per share equals to diluted loss per share.

## 10. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (2014: nil).

## 11. 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.

## 11. SEGMENT REPORTING (Continued)

The accounting policies and the basis of segmentation of the reportable segments are the same as those followed by the Group in the last annual financial statements.

Segment revenue represents the revenue generated by each operating segment from external customers. Inter-segment revenue represents inter-segment services which were transacted with reference to the normal commercial price made to third parties at the then prevailing market prices.

Segment results represent specific operating performance of the reported segments by allocating all specific and related operating and finance costs, excluding other corporate, general administrative, and financial expenses, taxation and non-operating costs. This is the measure reported to the chief operating decision maker, at the relevant times, for the purposes of resource allocation and performance assessment.

### (a) Segment revenue and results

*For the six months ended 30 June 2015*

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

## 11. SEGMENT REPORTING (Continued)

### (a) Segment revenue and results (Continued)

For the six months ended 30 June 2014

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

### (b) Segment assets and liabilities

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

### (c) Geographical segment information

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

## 12. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of HK\$24,000 (2014: HK\$1,260,000). No item of property, plant and equipment was disposed of during the six months ended 30 June 2015 and 2014.

### 13. INTEREST IN ASSOCIATES

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

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.

Provisions for impairment losses of interest in ReOil, LLC of HK\$714,000 and other receivable from ReOil, LLC of HK\$4,659,000 (see note 7) are fully made as their recoverability is in doubt.

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

#### 15. ACCOUNTS RECEIVABLE

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

## 15. ACCOUNTS RECEIVABLE (Continued)

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

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Current	<u>71,647</u>	<u>207,063</u>
Less than 1 month past due	<b>1,274</b>	710
1 to 3 months past due	<b>323</b>	409
More than 3 months but within 1 year past due	<u>7,324</u>	<u>12,394</u>
Amounts past due	<u>8,921</u>	<u>13,513</u>
Total accounts receivable	<u><b>80,568</b></u>	<u>220,576</u>

- (i) Based on past experience, management has made a provision for impairment loss of HK\$20,000 for the six months ended 30 June 2015 (2014: HK\$45,000) in respect of accounts receivable from cash clients.

Included in the balances of impairment loss provision for doubtful debts were individually impaired accounts receivable amounting to HK\$152,000 (2014: HK\$132,000) that relate to individually impaired accounts receivable arising from the business of dealing in securities.

- (ii) The Group ceased providing margin financing service since 2004. As at 30 June 2015 and 31 December 2014, the amount of margin loans due from margin clients amounted to HK\$26,122,000 has been brought forward from 2004. This amount has been impaired and a provision for impairment losses of HK\$26,122,000 has been made in prior years and as at 30 June 2015.
- (iii) Accounts receivable from clearing house, brokers and dealers are current. These represent pending trades arising from the business of dealing in securities, which are normally due within a few days after the trade dates.
- (iv) Accounts receivable from corporate clients represent accounts receivable arising from provision of corporate finance, consultancy and advisory services. The balance includes fees accrued for on-going advisory projects which have not been billed amounting to HK\$16,920,000 (2014: HK\$38,313,000). No provision for impairment loss has been made for the six months ended 30 June 2015 (2014: HK\$165,000).

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

## 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Rental and utility deposits	<b>87</b>	1,479
Prepayments and other deposits	<b>3,317</b>	4,890
Other receivables, net of provisions	<b>118</b>	10,459
	<b><u>3,522</u></b>	<u>16,828</u>

The fair values of other receivables, deposits and prepayments approximate their carrying amounts.

## 17. CASH AND CASH EQUIVALENTS

Cash and cash equivalent comprise:

	<i>Note</i>	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Bank balance-trust and segregated	<i>(i)</i>	<b>180,361</b>	23,999
Deposit with bank	<i>(ii)</i>	<b>20,000</b>	20,000
Cash at bank and in hand		<b>210,776</b>	54,620
		<b><u>230,776</u></b>	<u>74,620</u>
		<b><u>411,137</u></b>	<u>98,619</u>

- (i) The Group maintains segregated accounts with authorised institutions to hold clients' money arising from its normal course of business of the regulated activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client money) Rules under the Securities and Futures Ordinance.
- (ii) The Group has deposited HK\$20,000,000 with the bank as a security deposit for the bank overdraft facility (refer to Note 24).

## 18. ACCOUNTS PAYABLE

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

Included in accounts payable are amounts payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities, which amount to HK\$180,361,000 (2014: HK\$23,999,000).

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

## 19. ACCRUED EXPENSES AND OTHER PAYABLES

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Accrued staff costs	<b>127,393</b>	141,168
Stamp duty, trading levy and trading fee payables	<b>111</b>	119
Other payables	<b>5,958</b>	5,984
	<b>133,462</b>	147,271

All accrued expenses and other payables are expected to be settled within one year.



## 20. SHARE CAPITAL

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

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

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

### Issue of subscription shares

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

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

## 21. 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.

During the period ended 30 June 2015, the remaining 1,165,173 share options are exercised at fair value of HK\$3.65.

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

	At 30 June 2015		At 31 December 2014	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the period/year	3.65	1,165,173	—	—
Granted during the period/year	3.65	—	3.65	10,495,412
Exercised during the period/year	3.65	<u>(1,165,173)</u>	3.65	<u>(9,330,239)</u>
Outstanding at the end of the period/year		<u>—</u>	3.65	<u>1,165,173</u>
Exercisable at the end of the period/year		<u>—</u>	3.65	<u>1,165,173</u>

## 21. EMPLOYEE SHARE-BASED ARRANGEMENTS *(Continued)*

### (a) Share option scheme *(Continued)*

#### (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.

	<b>At 30 June 2015</b>	At 31 December 2014
Fair value at measurement date	<b>HK\$1.45</b>	HK\$1.45
Share price	<b>HK\$3.73</b>	HK\$3.73
Exercise price	<b>HK\$3.65</b>	HK\$3.65
Expected volatility	<b>56.73%</b>	56.73%
Option life	<b>3 years</b>	3 years
Risk-free interest rate (based on Exchange Fund Notes)	<b>0.66%</b>	0.66%

### (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.

## 21. EMPLOYEE SHARE-BASED ARRANGEMENTS (Continued)

### (b) Share award scheme (Continued)

#### (i) Details of the awarded shares awarded

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	2,731	748,345	748,345	3.65	31 Oct 2014 – 20 Mar 2015
30 Oct 2014	31 Oct 2014	563	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 the six months ended 30 June 2015

Date of award	Average fair value per share HK\$	At 30 June 2015		At 31 December 2014	
		Number of awarded shares vested	Fair value of related awarded shares HK\$'000	Number of 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
01 Feb 2015	3.65	247,660	904	—	—
18 Feb 2015	3.65	355,667	1,298	—	—
26 Feb 2015	3.65	443,791	1,620	—	—
20 Mar 2015	3.65	748,345	2,731	—	—
		<b>1,795,463</b>	<b>6,553</b>	<b>3,025,206</b>	<b>11,042</b>

## 21. EMPLOYEE SHARE-BASED ARRANGEMENTS *(Continued)*

### (b) Share award scheme *(Continued)*

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

	<b>At 30 June 2015 Number of awarded shares</b>	At 31 December 2014 Number of awarded shares
Outstanding at 1 January	<b>6,305,033</b>	—
Awarded	<b>—</b>	9,330,239
Vested	<b>(1,795,463)</b>	(3,025,206)
	<b><u>4,509,570</u></b>	<b><u>6,305,033</u></b>
Outstanding at 30 June/31 December	<b><u>4,509,570</u></b>	<b><u>6,305,033</u></b>

Pursuant to the terms of the Share Award Scheme announced on 30 October 2014, in the event of a change of control of the Company, all outstanding shares issued under the scheme would immediately vest.

As announced on 8 May 2015 and 29 May 2015, the Company entered into five conditional share subscription agreements on 7 May 2015 to issue a total of 1,942,520,000 shares to five investors representing approximately 81% of the enlarged issued share capital of the Company. If these subscription agreements once become or are declared unconditional, it would lead to a change in control of the Company. Accordingly all the outstanding shares in the Share Award Scheme would be vested and would result in a HK\$7,148,000 staff costs transferred from the Share-based payment reserve account.

The details of the subscription agreements were disclosed in the Company's announcement dated on 29 May 2015.

## 22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments 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.

	Fair value measurements as at 30 June 2015 categorised into		Fair value measurements as at 31 December 2014 categorised into	
	Level 1	Level 2	Level 1	Level 2
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurement</b>				
Investment designated as at fair value through profit or loss:				
Trading securities:				
– Listed	606,442	–	414,115	–
Derivative financial instruments:				
– Unlisted convertible preferred shares	–	160,144	–	556,427
Held for trading:				
– Unlisted share option	–	56,885	–	12,272
	<u>606,442</u>	<u>217,029</u>	<u>414,115</u>	<u>568,699</u>

On 17 February 2015, unlisted convertible preferred shares amounted to HK\$273,378,000 have been converted to listed equity shares. Except that, 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.

## 22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

### (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 end of the reporting period.

## 23. COMMITMENTS

### (a) Operating lease commitments

The total future minimum lease payments under non-cancellable operating lease on office premises properties are payable as follows:

	<b>At 30 June 2015 HK\$'000</b>	At 31 December 2014 HK\$'000
Within one year	<b>7,626</b>	8,051
After one year but within five years	<b>21,640</b>	25,169
	<b>29,266</b>	33,220

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

### (b) Capital commitments

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

## **23. COMMITMENTS** *(Continued)*

### **(b) Capital commitments** *(Continued)*

- (ii) On 17 February 2015, First Bonus International Limited (“First Bonus”), a wholly-owned subsidiary of the Company, entered into a conditional subscription agreement with EDS Wellness Holdings Limited (“EDS Wellness”). Pursuant to the subscription agreement, First Bonus has agreed to subscribe 13,494,090 new ordinary shares of EDS Wellness for a cash consideration of HK\$5,398,000. Details of the transaction were disclosed in the announcement of EDS Wellness dated 15 April 2015. As of the reporting period, the above subscription transaction has not been completed and no shares have been allotted and issued by EDS Wellness to First Bonus.
  
- (iii) On 14 April 2015, Reorient Global entered into a conditional subscription agreement with 21 Holdings Limited (21 Holdings”). Pursuant to the subscription agreement, Reorient Global has agreed to subscribe 39,256,662 new ordinary shares of 21 Holdings for a cash consideration of HK\$15,703,000. Details of the transaction were disclosed in the announcement of 21 Holdings dated 13 May 2015. As of the reporting period, the above subscription transaction has not been completed and no shares have been allotted and issued by 21 Holdings to the Reorient Global.

## **24. PLEDGE OF ASSETS**

The Group has been granted a bank overdraft facility of HK\$40,000,000 and in this connection, the Group is required to place a security deposit of HK\$20,000,000 with the bank.

## **25. CONTINGENT LIABILITIES**

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



## 26. MATERIAL RELATED PARTY TRANSACTIONS

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

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

*Note:*

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