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INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the “Board”) of REORIENT GROUP LIMITED (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015. The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee and the Company’s independent auditor.

Management Discussion and Analysis

The board of directors (the “Board”) of REORIENT GROUP LIMITED (the “Company”) submit herewith 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 2016 (“the First Half of 2016” or “the Period”), together with the comparative figures for the corresponding period in 2015 (“the Prior Period”).

Overview

For the First Half of 2016, the Group’s revenue was HK\$27.44 million and the loss attributable to equity shareholders of the Company for the Period was HK\$221 million, representing a decrease of 77.5% and an increase of 3.2 times respectively. The decrease of revenue was mainly attributable to the consultancy and advisory revenue generated from certain major projects recorded in the Prior Period, and the decrease of revenue from securities brokerage commission during the Period. With regard to operating expenses, the Group has gradually recruited and assembled a team of professionals with all necessary skills and expertise in order to enhance the overall capability in the area of financial technology services. As a result, the staff costs for the Period was HK\$85.5 million, which is significantly higher than the Prior Period. In addition, the fair value of financial assets (at fair value through profit or loss) held by the Group was less than the fair value as at 31 December 2015, which resulted in a loss of HK\$129 million in the consolidated income statement. Taking into account of the above factors, the loss attributable to equity shareholders of the Company increased from HK\$52.2 million for the Prior Period to HK\$221 million for the Period.

Business Review

Progress of New Business Plans

By the end of 2015, a group of investors led by Yunfeng Financial Holdings Limited completed the capital injection to the Group and put in place new business development strategies. The Group has followed the blueprint to become an institution to provide innovative financial services over the internet and a platform to provide comprehensive financial and wealth management services spanning across local and foreign capital markets. The year 2016 sets the stage for the development of the Group’s new business. For the First Half of 2016, the Group has made significant investments primarily in developing its financial technology related infrastructure. Those significant investments include the establishment of the information technology and product development teams as well as the high performance trading order system. For the Period, the number of employee increased by 105 and most of them are internet products and technology development design technicians. On the other hand, the Group has also assembled a team of professionals with years of international and PRC market experience and expertise including financial products, risk management, legal and compliance and financial control in the financial industry. With the blend of talents in both “financial” and “technical” areas, it provides the Group with the unique competitive advantage to realise the long term vision of becoming a “financial technology” centric wealth management

Management Discussion and Analysis (continued)

Business Review (continued)

Progress of New Business Plans (continued)

platform. In the First Half of 2016, the Group conducted a comprehensive review on the existing systems and gradually upgraded its infrastructure including the trading order system, server rooms, dedicated data transfer lines, and database management system. While our new business strategies are still being implemented, the progress being made represents an important milestone for us to deliver supreme services experiences to our customers in the coming future.

Brokerage Business

As mentioned above, the Group has been progressively implementing the new business plans. By the end of 2016, the Group expects to launch the new order system and promotion programs for admitting new customer. In the First Half of 2016, the Group's brokerage business was mainly generated from the existing customers with all transactions being executed in the traditional way. Moreover, the Hang Seng Index dropped by 5.1% compared to the end of 2015 and the Hong Kong equity transaction volume also fell compared to the Prior Period. As a result of both internal and external factors, the Group's revenue from brokerage business was dropped as compared to the Prior Period. During the Period, the turnover of brokerage business amounted to HK\$1.23 billion, representing a decrease of 66.6% as compared with the Prior Period.

Corporate Finance Consultancy Service

The Group's corporate finance service provides financial consultancy service to primarily Hong Kong listed companies. In the First Half of 2016, the Group has completed 19 financial consultancy projects. During the Period, this business segment recorded an income of HK\$25.1 million, representing a decrease of 77.7 % as compared with the Prior Period. The decrease is mainly attributable to the revenue generated from certain major projects recorded in the Prior Period. As the market for acquisitions and corporate restructuring remained active during the Period, the Group was able to capture more business opportunities.

Financial Assets at fair value through profit or loss

As at 30 June 2016, the fair value of financial assets (measured at fair value through profit or loss) held by the Group was HK\$157 million mainly comprised of listed equity investments. On the basis of comparing the fair value of financial assets on the disposal dates and as at 30 June 2016 to their respective acquisition costs, a "realised gain" of HK\$51.36 million and an "unrealised gain" of HK\$76.23 million would have been recorded by the Group. However, the financial assets were recorded according to their "fair values through profit or loss" and their fair values were lower compared to those as at 31 December 2015. Consequently, the "realised loss" of HK\$43.63 million and "unrealised loss" of HK\$85.37 million were recorded in the consolidated statement of profit or loss for the Period.

Management Discussion and Analysis (continued)

Prospects

With all the progress being made in the First Half of 2016, the Group is striving to expedite the completion of various “financial technology” infrastructure in the second half of 2016. Additionally, the Group expects to increase the effort in brand promotion, customer acquisition and business acquisition related business activities. As some of the newly-hired personnel and procurement contracts of system and equipment entered during the Period becomes effective in the second half of 2016, their related expenses are expected to be recorded accordingly. As a result, the overall expenditure for the year 2016 is expected to increase significantly compared to that of year 2015. As the year 2016 is the start-up stage of the Group’s new business, the Group anticipates that it is likely to incur an overall operating loss for the year 2016.

Although the financial market has become relatively stable towards the end of the Period, the economy outlook is still plagued by a number of uncertainties including the downward pressure of China’s economy, the potential devaluation of the Renminbi, the hike of U.S. interest rate, the result of the presidential election in the United States of America and potential exit referendum launched by members of the European Union. Facing a global economic environment full of uncertainties, the Group continues adhering to prudent financial management and cost control discipline. With the Group’s current cash-rich and zero-debt financial position, the Group is well positioned to withstand challenges and capture new opportunities. On the corporate finance market, the Group believes that the demand of Chinese enterprises with the aspiration to establish a capital market platform in Hong Kong remains strong. As a result, the Group will focus on capturing acquisitions and other fund-raising related consultancy business opportunities. Meanwhile, the Group will follow up with the license application for setting up a joint venture securities company in the People’s Republic of China.

Management Discussion and Analysis (continued)

Financial result review

Significant financial information

Consolidated profit and loss analysis for the period ended 30 June

HK\$ million

	1H 2016	1H 2015	Change
Revenue	27.4	121.6	-77.5%
Other operating income	14.0	1.2	+10.7 times
Net loss on financial assets at fair value through profit or loss	(129.0)	(48.0)	+1.7 times
Staff costs	(85.5)	(52.1)	+64.1%
Other operating expenses	(59.5)	(51.4)	+15.7%
	(232.6)	(28.7)	+7.1 times
Other loss and expenses	-	(2.5)	-
Loss before taxation	(232.6)	(31.2)	+6.5 times
Income tax	11.6	(24.3)	-
Loss for the period	(221.0)	(55.5)	+3.0 times
Loss for the period attributable to:			
Equity shareholders of the Company	(221.0)	(52.2)	+3.2 times
Non-controlling interests	-	(3.3)	-
	(221.0)	(55.5)	+3.0 times

Management Discussion and Analysis (continued)

Financial result review (continued)

Revenue

For the First Half of 2016, revenue amounted to 27.44 million, representing a 77.5% decrease compared to that of the Prior Period as follows:

HK\$ million	1H 2016	1H 2015	Change
Brokerage commission	2.3	9.1	-74.7%
Consultancy and advisory fees	25.1	112.4	-77.7%
Interest income from clients	-	0.1	-
	<u>27.4</u>	<u>121.6</u>	-77.5%

Net loss on financial assets at fair value through profit or loss

For the First Half of 2016, the net loss on financial assets at fair value through profit or loss amounted to 129 million, representing a 1.7 times increase compared to that of Prior Period as follows:

HK\$ million	1H 2016	1H 2015	Change
Net unrealised loss on financial assets at fair value through profit or loss	(85.4)	(191.6)	-55.4%
Net realised (loss)/gain on financial assets at fair value through profit or loss	<u>(43.6)</u>	<u>143.6</u>	-
Total net loss on financial assets at fair value through profit or loss	<u>(129.0)</u>	<u>(48.0)</u>	+1.7 times

The investments held by the Group are mainly listed equity instruments. When comparing to the cost of acquisition of financial instruments, the net realised gain on financial asset would have been HK\$51.36 million and the net unrealised gain would have been HK\$76.23 million by the Group. But, all the financial assets were recorded and measured at fair value through profit or loss. For the Period, the fair values of financial assets at fair value through profit or loss held by the Group were lower than their fair values as at 31 December 2015. As a result, the Group recorded the net realised loss of 43.63 million and net unrealised loss of HK\$85.37 million.

Management Discussion and Analysis (continued)

Financial result review (continued)

Staff costs

For the First Half of 2016, the staff costs are amounted to HK\$85.50 million, representing a 64.1% increase compared to that of the Prior Period. The number of full time employees increased from 87 to 192 with most working in the internet products and technology development fields. The growth in staff costs is considered in keeping pace with the Group's business developments and expansions.

Other operating expenses

For the First Half of 2016, other operating expenses amounted to HK\$59.51 million, representing a 15.7% increase compared to that of the Prior Period as follows:

HK\$ million	1H 2016	1H 2015	Change
Information, data and communication expenses	(13.3)	(8.2)	+62.2%
Legal and professional fee expenses	(10.5)	(6.3)	+66.7%
Operating lease charges in respect of properties	(8.7)	(4.0)	+1.2times
Business promotion and marketing expense	(11.7)	-	-
Provision for impairment loss of other receivables	-	(10.9)	-
Depreciation	(2.8)	(1.6)	+75.0%
Others	(12.5)	(20.5)	-39.0%
	<u>(59.5)</u>	<u>(51.4)</u>	+15.7%

Management Discussion and Analysis (continued)

Financial result review (continued)

Changes in owner's equity

HK\$ million

	<i>2016</i>
Balance at 1 January	4,761.3
Loss for the Period	(221.0)
Others	1.2
	<hr/>
Balance at 30 June	4,541.5
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Attributable to :	
- equity shareholders of the Company	4,540.6
- non-controlling interests	0.9
	<hr/>
Total equity	4,541.5
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As of 30 June 2016, equity attributable to shareholders of the Company per share is HK\$1.89 (31 December 2015: HK\$1.98).

Liquidity, financial resources and capital structure

As at 30 June 2016, the Group had fixed bank deposits with original maturity over 3 months and cash and cash equivalents totalling HK\$4,316.6 million (2015: HK\$4,162.9 million), and recorded net assets of HK\$4,541.5 million, as compared to HK\$4,761.3 million reported at the year end of 2015. The Group generally financed its daily operations with internal resources and had no bank or other borrowings as at 30 June 2016 (31 December 2015: nil) or during the Period.

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 as the Hong Kong dollar (“HKD”) is pegged to the USD.

Management Discussion and Analysis (continued)

Financial review (continued)

Foreign exchange risk (continued)

The Group maintained foreign currency positions to cater for its present and potential investment and operating activities. Consequently, the Group is exposed to currency risk arising from various currency exposures mainly to the extent of its interest in bank balances and accounts and other receivables 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 First Half of 2016, the Group did not engage in the use of any financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 June 2016.

Material acquisitions and disposals of subsidiaries and associates

The Group did not have any material acquisitions or disposals of subsidiaries and associates during the Period.

Charge on assets

At the end of the Period, the Group did not have any charges on assets, other than security deposits of HK\$30,000,000 for bank overdraft facilities.

Commitments

As at 30 June 2016, rental payments under non-cancellable operating leases on office premises amounted to HK\$47,442,000 (2015: HK\$38,183,000).

As at 30 June 2016, capital commitments on leasehold improvement and equipment amounted to HK\$4,382,000 (2015: nil) and capital commitments on intangible assets amounted to HK\$7,584,000 (2015: nil).

As disclosed in the announcement of the Company dated 4 February 2016, Reorient Financial Markets Limited (“Reorient Financial Markets”), a wholly owned subsidiary of the Company, entered into a joint venture agreement with Giant Investment Co., Ltd., and Jiangsu YuWell Technology Development Co., Ltd. (“Jiangsu Limited”) on that day. As disclosed in the circular of the Company dated 29 April 2016, the joint venture agreement was superseded and replaced by the amended and restated joint venture agreement entered among Reorient Financial Markets, Hangzhou Dr. Herbs Electronics Commerce Company Limited and Jiangsu Limited on 13 April 2016. Upon establishment of the JV Company after obtaining all necessary approval as defined and disclosed in the circular, Reorient Financial Markets is committed to contribute RMB1,290,000,000 of the registered capital of the JV Company.

Management discussion and analysis (continued)

Commitments (continued)

As disclosed in the announcement of the Company dated 6 April 2016, Profit Mind Global Limited (“Profit Mind”), a wholly owned subsidiary of the Company, entered into a share subscription agreement to subscribe 71,428,571 ordinary shares of Culturecom Holdings Limited (“CHL”) for a total consideration of HK\$15 million. Pursuant to another agreement made between CHL and Reorient Financial Markets, CHL shall pay a fee of HK\$12 million (“Fee”) to Reorient Financial Markets. With the agreement and acknowledgement between CHL and Profit Mind, the consideration paid by Profit Mind to CHL is the balance in cash after setting off against the Fee not have been paid by CHL to Reorient Financial Markets. As of the end of Period, some of the conditions precedent set out in the share subscription agreement has not been fulfilled and the transaction has not been completed.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016 and 31 December 2015.

Staffing and remuneration

As at 30 June 2016, the Group employed 192 full time employees located in Hong Kong and the People’s Republic of China and stringently abided by the relevant labour laws and regulations. To foster a motivated and skilled working team, the Group provides on-the-job training and competitive remuneration packages including salaries and discretionary bonuses for employees. Additionally, 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 (if any), of the Group’s employees are maintained at market level and are reviewed annually by the management. There have been no significant changes in the employment, training or development policies of the Group since the publication of the annual report for the year ended 31 December 2015.

Management discussion and analysis (continued)

Use of net proceeds from subscription shares

The proceeds from subscription shares as disclosed in Note 21 have been utilised subsequent to the subscription as set out in the section "Use of Proceeds" of the Company's circular dated 18 August 2015. The below table sets out the proposed application of net proceeds and usage up to the following dates:

HK\$ million

	Proposed applications	Actual usage up to	
		30 June 2016	31 December 2015
Setting up new branches and IT infrastructure	363.5	16.5	-
Recruitment of professionals (note 1)	99.8	21.6	-
Enhancement of the capital resources (note 2)	1,088.2	105.0	-
Establishment of a private wealth management platform (note 3)	189.7	5.4	-
Development of a financial services ecosystem (note 4)	149.8	14.8	-
Expansion into markets outside of Hong Kong	1,987.7	-	-
	<u>3,878.7</u>	<u>163.3</u>	<u>-</u>

Notes:

- (1) mainly utilised on the recruitment and employment of internet products and technology development design technicians to assist on the expansion of retail brokerage businesses.
- (2) utilised on capital injection to a licensed wholly owned subsidiary regulated by the Securities and Futures Commission of Hong Kong.
- (3) mainly utilised on recruitment of professionals specialising in assets and wealth management.
- (4) mainly utilised on marketing and setting up of online sales platform.

Other information

Directors' and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the company or any associate corporation

As at 30 June 2016, 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 Issuers (the "Model Code") under the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, or known to the Company, were as follows:

Long positions in the ordinary shares of the Company ("Shares") and the underlying Shares:

Name of Director	Capacity/Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding
Mr. Yu Feng (<i>note 1</i>)	Held by controlled corporation/Corporate interest	1,342,976,000	55.97%
Mr. Ko Chun Shun, Johnson (<i>note 2</i>)	Held by controlled corporation/Corporate interest	229,180,726	9.55%

Notes:

- (1) Mr. Yu Feng, Chairman of the Group and non-executive Director of the Company, was interested in 1,342,976,000 Shares through Jade Passion Limited ("Jade Passion"), a company which is owned as to 73.21% of its issued share capital by Key Imagination Limited ("Key Imagination"). 68% of the issued share capital of Key Imagination is owned by Yunfeng Financial Holdings Limited ("YFHL"), the issued share capital of which in turn, is owned as to 60% by Mr. Yu Feng.
- (2) Mr. Ko Chun Shun, Johnson, a non-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 Chun Shun, Johnson.

Other information (continued)

Directors' and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the company or any associate corporation (continued)

Long positions in the shares and the underlying shares of associated corporations:

Name of Associated Corporation	Name of Director	Capacity/ Nature of Interests	Number of Shares held in Associated Corporation	
			Long position	Percentage of shareholding
Yunfeng Financial Holdings Limited	Mr. Yu Feng	Beneficial owner/Beneficial interest	60	60%
Key Imagination Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/Corporate interest	6,800	68%
	Mr. Huang Xin (Note 2)	Held by controlled corporation/Corporate interest	1,900	19%
Jade Passion Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation/Corporate interest	7,321	73.21%
	Mr. Huang Youlong (Note 3)	Held by controlled corporation/Corporate interest	2,679	26.79%

Notes:

- (1) Mr. Yu Feng, Chairman of the Group and non-executive Director of the Company was interested in 6,800 shares, representing 68% of equity interest in Key Imagination through YFHL, the substantial shareholder of the Company. Mr. Yu Feng was also interested in 7,321 shares, representing 73.21 % of equity interest in Jade Passion through Key Imagination. Both Key Imagination and Jade Passion are substantial shareholders of the Company.
- (2) Mr. Huang Xin, an executive Director of the Company, is the sole shareholder of Perfect Merit Limited which owns 1,900 shares, representing 19% of the equity interest in Key Imagination.

Other information (continued)

Directors' and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the company or any associate corporation (continued)

Long positions in the shares and the underlying shares of associated corporations: (continued)

Notes: (continued)

- (3) Mr. Huang Youlong, a non-executive Director of the Company, is the sole shareholder of Gold Ocean Investments Group Inc. which owns 2,679 shares, representing 26.79% equity interest in Jade Passion.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive 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.

Long-term incentive schemes

The Company has adopted a share option scheme and a share award scheme to recognise the contributions of certain employees and help to retain them for the Group's operations and further development.

Share Option Scheme

The share option scheme (the "Share Option Scheme") was adopted by the shareholders of the Company on 21 July 2011 with a useful life of ten years from the date of adoption. Summary of the Share Option Scheme is set out in the 2015 annual report.

During the six months ended 30 June 2016, no share options were granted, exercised, lapsed or cancelled and as at 1 January 2016 and 30 June 2016, no share options were outstanding.

Other information (continued)

Long-term incentive schemes (continued)

Share Award Scheme

The share award scheme (the “Share Award Scheme”) was adopted by the Board on 30 October 2014 (the “Adoption Date”). The maximum number of Shares which can be awarded under the Share Award Scheme is 10% of the Company’s total issued Shares from time to time and the maximum number of Shares which may be awarded to a selected participant at any one time or in aggregate may not exceed 10% of the Company’s total issued Shares as at the Adoption Date (i.e. 38,449,452 Shares). Summary of the Share Award Scheme is set out in the 2015 annual report.

During the six months ended 30 June 2016, no Shares had been awarded under the Share Award Scheme and as at 30 June 2016, 1,207,302 Shares were held by the trustee under the Share Award Scheme. Details of movements in the number of shares awarded are disclosed in Note 22(b)(iii).

Directors’ rights to acquire shares

Save as disclosed in this announcement, at no time during the six months ended 30 June 2016 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 2016, the Company was notified of the following substantial shareholders' and other persons' interests, being 5% or more of the Company's issued shares under Section 336 of the SFO.

Name of Substantial Shareholder	Capacity/ Nature of interests	Number of Shares held	
		Long position	Percentage of shareholding
Mr. Yu Feng (<i>Note 1</i>)	Held by controlled corporation/Corporate interest	1,342,976,000	55.97%
Mr. Ma Yun (<i>Note 1</i>)	Held by controlled corporation/Corporate interest	1,342,976,000	55.97%
Yunfeng Financial Holdings Limited (<i>Note 1</i>)	Held by controlled corporation/Corporate interest	1,342,976,000	55.97%
Key Imagination Limited (<i>Note 1</i>)	Held by controlled corporation/Corporate interest	1,342,976,000	55.97%
Jade Passion Limited (<i>Note 1</i>)	Beneficial owner/Beneficial interest	1,342,976,000	55.97%
Mr. Ko Chun Shun, Johnson (<i>Note 2</i>)	Held by controlled corporation/Corporate interest	229,180,726	9.55%
Insula Holdings Limited (<i>Note 2</i>)	Held by controlled corporation/Corporate interest	229,180,726	9.55%
Gainhigh Holdings Limited (<i>Note 2</i>)	Beneficial owner/Beneficial interest	229,180,726	9.55%
Ms. Lian Yi (<i>Note 3</i>)	Held by controlled corporation/Corporate interest	167,872,000	7.00%
Clear Expert Limited (<i>Note 3</i>)	Held by controlled corporation/Corporate interest	167,872,000	7.00%
Violet Passion Holdings Limited (<i>Note 3</i>)	Beneficial owner/Beneficial interest	167,872,000	7.00%

Other information (continued)

Substantial shareholders' and other persons' interests in shares (continued)

Notes:

1. Mr. Yu Feng, Chairman of the Group and a non-executive Director of the Company, and Mr. Ma Yun were interested in 1,342,976,000 shares through Jade Passion, a company which is owned as to 73.21% of its issued share capital by Key Imagination. 68% of the issued share capital of Key Imagination is owned by YFHL, the issued share capital of which in turn, is owned as to 40% and 60% by Mr. Ma Yun and Mr. Yu Feng, respectively.
2. Mr. Ko Chun Shun, Johnson, a non-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 Chun Shun, Johnson.
3. 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.

Save as disclosed above, as at 30 June 2016, 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, Sales or redemption of the Listed Securities of the Company

During the six months ended 30 June 2016, 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

During the six months ended 30 June 2016, the Company has complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code"), as set out in Appendix 14 to the Listing Rules, except for certain deviations which are summarised below:

Other information (continued)

Corporate governance (continued)

(a) Code Provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The Company deviates from this provision because the non-executive Directors and independent non-executive Directors do not currently have specific terms of appointment. However, the articles of association of the Company provide that all the Directors are subject to retirement by rotation at least once every three years and at each annual general meeting, one-third of the Directors for the time being or, if the number is not a multiple of three, then, the number nearest to but not less than one-third, shall retire from office by rotation and offer themselves for re-election. As such, the Board considers that sufficient measures have been put in place to ensure the Company's corporate governance practice in this aspect provides sufficient protection for the interests of shareholders to a standard commensurate with that of the code.

(b) Code Provision E.1.2

Due to other engagement, Mr. Yu Feng, the Chairman of the Group, was unable to attend the annual general meeting of the Company held on 31 May 2016.

Code of conduct for securities transactions

The Company has adopted the code of conduct regarding director's securities transactions with terms no less exacting than the required standard set out in the Model Code. 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 2016.

Audit Committee

The audit committee of the Company is chaired by Mr. Chu Chung Yue, Howard, with existing and former members of Mr. Lin Lijun, Mr. Qi Daqing, Mr. Liu Zhengui and Dr. Wong Yau Kar, David, BBS, JP. Mr. Qi Daqing was appointed as a member of the audit committee of the Company on 18 February 2016, and Mr. Liu Zhengui resigned as an independent non-executive Director and a member of the audit committee of the Company on 1 April 2016. The audit committee of the Company has adopted the terms of reference which are in line with the CG Code.

This unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 has been reviewed by the audit committee of the Company.

Other information (continued)

Changes of directors' information

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

Mr. Qi Daqing resigned as an independent director of Bona Film Group Limited on 5 April 2016. Bona Film Group Limited ceased to be a public company in April 2016.

Constitutional documents

In order to bring the existing articles of association in line with the new Companies Ordinance which came into effect on 3 March 2014 and given the numerous changes brought about by the new Companies Ordinance, shareholders of the Company have passed a special resolution for the adoption of the new Articles of Association at the annual general meeting held in May 2016, consolidating all previous and proposed amendments, to replace the memorandum of association and existing articles of association. A copy of the new Articles of Association is posted on the websites of the Company and the Stock Exchange.

Condensed consolidated income statement
for the six months ended 30 June 2016
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2016 (Unaudited) \$'000	2015 (Unaudited) \$'000
Revenue	4	27,441	121,569
Other operating income	5	14,022	1,159
Net loss on financial assets at fair value through profit and loss	6	(129,004)	(47,970)
Staff costs		(85,497)	(52,109)
Depreciation		(2,833)	(1,557)
Other operating expenses		(56,682)	(49,838)
		(232,553)	(28,746)
Finance costs		-	(55)
Share of results of associates		-	(1,683)
Provision for impairment loss of interest in an associate		-	(714)
Loss before taxation	7	(232,553)	(31,198)
Income tax	8	11,545	(24,304)
Loss for the period		(221,008)	(55,502)
Loss for the period attributable to:			
- Equity shareholders of the Company		(220,848)	(52,180)
- Non-controlling interests		(160)	(3,322)
		(221,008)	(55,502)
Loss per share attributable to equity shareholders of the Company			
Basic and diluted (HK cents)	9	(9.20)	(11.45)

Condensed consolidated statement of
comprehensive income
for the six months ended 30 June 2016
(Expressed in Hong Kong dollars)

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Loss for the period	(221,008)	(55,502)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of results of foreign operations	(391)	(664)
Share of other comprehensive income of an associate	-	(1,265)
Total comprehensive income for the period	(221,399)	(57,431)
Total comprehensive income for the period attributable to:		
– Equity shareholders of the Company	(221,216)	(54,063)
– Non-controlling interests	(183)	(3,368)
	(221,399)	(57,431)

Condensed consolidated statement of financial position at 30 June 2016

(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>At 30 June 2016 (Unaudited) \$'000</i>	<i>At 31 December 2015 (Audited) \$'000</i>
Non-current assets			
Property and equipment	12	13,467	13,930
Goodwill and other intangible assets	13	3,480	550
Other non-current assets	14	25,043	15,260
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total non-current assets		41,990	29,740
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Financial assets at fair value through profit or loss	15	156,954	410,620
Accounts receivable and accrued income	16	95,866	296,254
Other receivables, deposits and prepayments	17	14,606	18,669
Bank balance - trust and segregated accounts	18	500,388	169,319
Fixed bank deposits with original maturity over 3 months		900,443	-
Cash and cash equivalents	18	3,416,191	4,162,922
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current assets		5,084,448	5,057,784
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Accounts payable	19	503,690	197,621
Accrued expenses and other payables	20	16,760	48,938
Current taxation		56,193	61,451
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Total current liabilities		576,643	308,010
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net current assets		4,507,805	4,749,774
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current liabilities			
Deferred tax liabilities		8,252	18,171
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET ASSETS		4,541,543	4,761,343
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Condensed consolidated statement of financial position
at 30 June 2016 (continued)
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>At 30 June 2016 (Unaudited) \$'000</i>	<i>At 31 December 2015 (Audited) \$'000</i>
EQUITY			
Share capital and other statutory capital reserves	21	4,499,548	4,499,548
Other reserves		41,142	260,759
		4,540,690	4,760,307
Non-controlling interests		853	1,036
TOTAL EQUITY		4,541,543	4,761,343

**Condensed consolidated statement of changes in equity
for the six months ended 30 June 2016**
(Expressed in Hong Kong dollars)

	<i>Attributable to equity shareholders of the Company</i>									<i>Non-controlling interests</i> \$'000	<i>Total</i> \$'000
	<i>Share capital</i> \$'000	<i>Shares held by share award scheme</i> \$'000	<i>Share based payment reserve</i> \$'000	<i>Asset revaluation reserve</i> \$'000	<i>Exchange reserve</i> \$'000	<i>Other Reserve</i> \$'000	<i>Retained profit/(accumulated loss)</i> \$'000	<i>Sub total</i> \$'000			
Balance at 1 January 2015	614,919	(23,013)	7,436	2,650	201	-	412,741	1,014,934	5,967	1,020,901	
Changes in equity for the six months ended 30 June 2015:											
Equity settled share-based transactions	-	-	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)	
Balance at 30 June 2015 and 1 July 2015	620,866	(16,460)	9,312	2,650	(417)	(1,265)	360,561	975,247	2,599	977,846	
Changes in equity for the six months ended 31 December 2015:											
Equity settled share-based transactions	-	-	5,037	-	-	-	-	5,037	-	5,037	
Shares vested under share award scheme	-	8,418	(8,418)	-	-	-	-	-	-	-	
Issue of subscription shares	3,885,040	-	-	-	-	-	-	3,885,040	-	3,885,040	
Cost of issuance of subscription shares	(6,358)	-	-	-	-	-	-	(6,358)	-	(6,358)	
Loss for the period	-	-	-	-	-	-	(100,239)	(100,239)	(1,300)	(101,539)	
Other comprehensive income for the period	-	-	-	-	315	1,265	-	1,580	(263)	1,317	
Balance at 31 December 2015 and 1 January 2016	4,499,548	(8,042)	5,931	2,650	(102)	-	260,322	4,760,307	1,036	4,761,343	
Changes in equity for the six months ended 30 June 2016:											
Equity settled share-based transactions	-	-	1,599	-	-	-	-	1,599	-	1,599	
Shares vested under share award scheme	-	3,635	(3,635)	-	-	-	-	-	-	-	
Loss for the period	-	-	-	-	-	-	(220,848)	(220,848)	(160)	(221,008)	
Other comprehensive income for the period	-	-	-	-	(368)	-	-	(368)	(23)	(391)	
Balance at 30 June 2016	<u>4,499,548</u>	<u>(4,407)</u>	<u>3,895</u>	<u>2,650</u>	<u>(470)</u>	<u>-</u>	<u>39,474</u>	<u>4,540,690</u>	<u>853</u>	<u>4,541,543</u>	

Condensed consolidated statement of cash flows for the six months ended 30 June 2016

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2016 (Unaudited) \$'000	2015 (Restated) (Unaudited) \$'000
Proceeds from disposal of financial assets at fair value through profit or loss		306,700	143,657
Other cash flows arising from operating activities		(146,925)	8,051
Net cash generated from operating activities		159,775	151,708
Investing activities			
Fixed deposits placed with banks		(900,443)	-
Purchase of equipments and other cash flows arising from investing activities		(4,169)	922
Net cash (used in)/generated from investing activities		(904,612)	922
Financing activities			
Net proceeds from issuance of shares under share option scheme		-	3,679
Other cash flows arising from financing activities		-	(55)
Net cash generated from financing activities		-	3,624
Net (decrease)/increase in cash and cash equivalents		(744,837)	156,254
Cash and cash equivalents at 1 January		4,162,922	74,620
Effect of foreign exchange rate changes		(1,894)	(98)
Cash and cash equivalents at 30 June	18	3,416,191	230,776

Notes to the condensed consolidated interim financial report

(Expressed in Hong Kong dollars unless otherwise indicated)

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.

2 Basis of preparation

(a) *Statement of compliance*

The condensed consolidated interim financial report for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

(b) *Basis of measurement*

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

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

(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 with the following amendments considered relevant to the Group:

- Annual Improvements to HKFRSs 2012 – 2014 Cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

None of the amendments have a material impact on the Group's financial performance and financial position.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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:

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Brokerage commission	2,277	9,078
Consultancy and advisory fees	25,149	112,440
Interest income from clients	15	51
	27,441	121,569

5 Other operating income

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Bank and other interest income	12,869	372
Handling and settlement fees	1,040	762
Miscellaneous income	113	25
	14,022	1,159

6 Net loss on financial assets at fair value through profit or loss

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		
- Convertible preferred shares	-	(118,073)
- Options	(17,184)	44,613
- Equity investment listed outside Hong Kong	(13,461)	24,069
- Equity investment listed in Hong Kong	(54,727)	(142,236)
	<u>(85,372)</u>	<u>(191,627)</u>
Realised (loss)/gain on financial assets at fair value through profit or loss		
- Equity investment listed outside Hong Kong	-	157
- Equity investment listed in Hong Kong	(43,632)	143,500
	<u>(43,632)</u>	<u>143,657</u>
	<u>(129,004)</u>	<u>(47,970)</u>

7 Loss before taxation

Loss before taxation is arrived at after charging:

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Auditor's remuneration	600	600
Provision for impairment loss of accounts receivable	25	20
Provision for impairment loss of other receivables	-	10,904
Information, data and communication expenses	13,313	8,244
Legal and professional fees	10,500	6,332
Operating lease charges in respect of properties	8,789	4,031
Exchange loss	1,682	76

8 Income tax

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Current tax (credit)/expense - Hong Kong	(1,873)	12,971
Current tax expense - Overseas	247	-
Deferred taxation	(9,919)	11,333
	<u>(11,545)</u>	<u>24,304</u>

The provision for Hong Kong profits tax is calculated by applying the estimated annual effective tax rate at 16.5% (2015: 16.5%) to the six months ended 30 June 2016. 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\$220,848,000 (2015: HK\$52,180,000) and the weighted average number of shares in issue during the six months ended 30 June 2016 of 2,399,336,394 (2015: 455,815,452).

There were no potential dilutive ordinary shares for the six months ended 30 June 2016 and 2015, 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 2016 (2015: 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.

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.

11 Segment reporting (continued)

(a) Segment revenue and results

For the six months ended 30 June 2016

	<i>Securities brokerage \$'000</i>	<i>Securities placing and underwriting \$'000</i>	<i>Consultancy and advisory services \$'000</i>	<i>Total \$'000</i>
Revenue from external parties	2,277	-	25,149	27,426
Interest income from clients	15	-	-	15
Allocated other operating income	1,153	-	-	1,153
Allocated operating costs	<u>(20,002)</u>	<u>(2,876)</u>	<u>(12,417)</u>	<u>(35,295)</u>
Reportable segment (loss)/profit	(16,557)	(2,876)	12,732	(6,701)
Unallocated other operating income				12,869
Net loss on financial assets at fair value through profit or loss				(129,004)
Depreciation				(2,833)
Unallocated legal and professional expenses				(10,009)
Taxation				11,545
Other central administrative and unallocated operating costs (Note)				<u>(96,875)</u>
Loss for the period				<u><u>(221,008)</u></u>

Note: The other central administrative and unallocated operating cost includes administrative expenses, research and development costs, staff costs and data and technology related expenses related to the Group's financial technology activities.

11 Segment reporting (continued)

(a) Segment revenue and results (continued)

For the six months ended 30 June 2015

	Securities brokerage \$'000	Securities placing and underwriting \$'000	Consultancy and advisory services \$'000	Total \$'000
Revenue from external parties	9,078	-	112,440	121,518
Interest income from clients	51	-	-	51
Allocated other operating income	787	-	-	787
Allocated operating costs	(37,621)	(5,854)	(31,900)	(75,375)
Allocated finance costs	(46)	(5)	-	(51)
Reportable segment (loss)/profit	(27,751)	(5,859)	80,540	46,930
Unallocated other operating 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)
Loss for the period				(55,502)

(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 and research and development on financial technologies divisions are located in PRC.

12 Property and equipment

Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired items of property and equipment with a cost of HK\$2,382,000 (2015: HK\$24,000). No item of property and equipment was disposed of during the six months ended 30 June 2016 and 2015.

13 Intangible assets

During the six months ended 30 June 2016, the Group acquired a club membership with a cost of HK\$2,930,000. No item of intangible assets was disposed of during the six months ended 30 June 2016 and 2015.

14 Other non-current assets

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Statutory deposits with exchanges and clearing house	634	634
Rental deposits	7,676	6,689
Other deposit for acquisition of leasehold improvement and equipment	5,361	-
Deposit and prepayment for operating system	3,109	-
Other receivables	8,263	7,937
	25,043	15,260

15 Financial assets at fair value through profit or loss

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
<i>Financial assets at fair value through profit or loss</i>		
Investment designated at fair value through profit or loss		
– Equity investment listed in Hong Kong	114,161	337,182
– Equity investment listed outside Hong Kong	34,383	47,844
Held for trading		
– Options	8,410	25,594
	156,954	410,620

16 Accounts receivable and accrued income

	<i>Note</i>	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Accounts receivable arising from securities brokerage			
– Cash clients, net of provisions	(i)	2,345	28,885
– Margin clients, net of provisions	(ii)	-	-
– Clearing house, brokers and dealers	(iii)	1,282	5
		3,627	28,890
Accounts receivable arising from consultancy and advisory services			
– Corporate clients, net of provisions	(iv)	30,515	23,664
Accounts receivable arising from disposal of financial assets at fair value through profit or loss		61,724	243,700
		95,866	296,254

(a) Ageing analysis of account receivable

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

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Current	67,801	274,255
Less than 1 month past due	4,957	13,436
1 to 3 months past due	597	7,039
More than 3 months but within 1 year past due	22,511	1,524
Amounts past due	28,065	21,999
Total accounts receivable	95,866	296,254

16 Accounts receivable and accrued income (continued)

(a) Ageing analysis of account receivable (continued)

Note:

- (i) Based on management assessment, the Group has made a provision for impairment loss of HK\$25,000 for the six months ended 30 June 2016 (2015: HK\$20,000) 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\$199,000 (2015: HK\$174,000) 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 2016 and 31 December 2015, 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 2016.
- (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\$3,000,000 (2015: HK\$1,763,000). No provision for impairment loss has been made for the six months ended 30 June 2016 (2015: nil).

Included in the balances of impairment loss provision for doubtful debts were individually impaired accounts receivable amounting to HK\$2,373,000 (2015: HK\$2,373,000) that relate to impaired accounts receivable from corporate clients.

(b) Balance with related parties

- (i) At 30 June 2016, accounts receivable of HK\$2,333,000 (2015: HK\$1,613,000) are receivables from companies where our non-executive director, Mr. Ko Chun Shun, Johnson (“Mr. Ko”), is a substantial shareholder and an executive director for one of the companies and an executive director for the other one.
- (ii) At 30 June 2016, accounts receivable of HK\$24,385,000 (2015: HK\$20,620,000) are receivable from companies where Mr. Ko is a substantial shareholder.
- (iii) At 30 June 2016, accrued consultancy and advisory fee of HK\$3,000,000 (2015: nil) has not been billed to a company where Mr. Ko is a substantial shareholder.

17 Other receivables, deposits and prepayments

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Rental and utility deposits	5	1,976
Prepayments and other deposits	8,828	9,062
Other receivables, net of provisions	5,773	7,631
	14,606	18,669

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

18 Cash and cash equivalents

	<i>Note</i>	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Bank balance - trust and segregated accounts	(i)	500,388	169,319
Deposit with bank	(ii)	30,000	30,000
Fixed bank deposits with original maturity less than 3 months		3,206,520	3,900,000
Cash at bank and in hand		179,671	232,922
Cash and cash equivalent in the statement of financial position		3,416,191	4,162,922

Note:

- (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\$30,000,000 with the bank as a security deposit for the bank overdraft facility.

19 Accounts payable

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Accounts payable		
- Cash clients	503,690	171,927
- Brokers and dealers	-	25,694
	<hr/> 503,690 <hr/>	<hr/> 197,621 <hr/>

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\$500,388,000 (2015: HK\$169,319,000).

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

(a) *Balance with related parties*

At 30 June 2016, accounts payable of HK\$230,000 (2015: HK\$230,000) are payable to Mr. Ko and HK\$139,000 (2015: HK\$139,000) are accounts payable to the related companies where Mr. Ko is a substantial shareholder.

20 Accrued expenses and other payables

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Accrued staff costs	4,562	38,687
Stamp duty, trading levy and trading fee payables	205	86
Other payables	11,993	10,016
Amount due to directors	-	149
	<hr/> 16,760 <hr/>	<hr/> 48,938 <hr/>

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

21 Share capital

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

	<i>At 30 June 2016</i>		<i>At 31 December 2015</i>	
	<i>Number of shares</i>	<i>Amount \$'000</i>	<i>Number of shares</i>	<i>Amount \$'000</i>
<i>Issued and fully paid:</i>				
Balance brought forward	2,399,336,394	4,499,548	455,651,221	614,919
Issue of subscription shares less costs of issuance of subscriptions shares	-	-	1,942,520,000	3,878,682
Shares issued under share option scheme	-	-	1,165,173	5,947
	<u>2,399,336,394</u>	<u>4,499,548</u>	<u>2,399,336,394</u>	<u>4,499,548</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. As of 30 June 2016 and 31 December 2015, no share option remained outstanding and exercisable. 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. After deducting the expenses in connection with the transaction amounting to HK\$6,358,000, the net proceeds from the subscription were HK\$3,878,682,000. 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 became the new controlling shareholder and Yunfeng became the ultimate holding company of the Company.

22 Employee share-based arrangements

(a) Share option scheme

As of 30 June 2016 and 31 December 2015, no share option remained outstanding and exercisable.

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

	<i>At 31 December 2015</i>	
	<i>Weighted average exercise price</i>	<i>Number of options</i>
	\$	
Outstanding at the beginning of the year	3.65	1,165,173
Exercised during the year	3.65	<u>(1,165,173)</u>
Outstanding at the end of the year		<u><u>-</u></u>
Exercisable at the end of the year		<u><u>-</u></u>

(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.

On the date of issuance

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%

22 Employee share-based arrangements (continued)

(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.

22 Employee share-based arrangements (continued)

(b) Share award scheme (continued)

(i) Details of the shares awarded

<i>Date of approval by Board</i>	<i>Date of award</i>	<i>Awarded Sum</i> \$'000	<i>Number of shares issued</i>	<i>Number of awarded shares awarded</i>	<i>Average fair value per share</i> \$	<i>Vesting period</i>
30 October 2014	31 October 2014	11,042	3,025,206	3,025,206	3.65	31 October 2014 – 31 December 2014
30 October 2014	31 October 2014	904	247,660	247,660	3.65	31 October 2014 – 01 February 2015
30 October 2014	31 October 2014	1,298	355,667	355,667	3.65	31 October 2014 – 18 February 2015
30 October 2014	31 October 2014	1,620	443,791	443,791	3.65	31 October 2014 – 26 February 2015
30 October 2014	31 October 2014	2,731	748,345	748,345	3.65	31 October 2014 – 20 March 2015
30 October 2014	31 October 2014	562	153,968	153,968	3.65	31 October 2014 – 14 August 2015
30 October 2014	31 October 2014	3,650	1,000,000	1,000,000	3.65	31 October 2014 – 16 September 2015
30 October 2014	31 October 2014	2,835	776,666	776,666	3.65	31 October 2014 – 30 October 2015
30 October 2014	31 October 2014	1,371	375,629	375,629	3.65	31 October 2014 – 14 December 2015
30 October 2014	31 October 2014	904	247,660	247,660	3.65	31 October 2014 – 02 January 2016
30 October 2014	31 October 2014	2,732	748,345	748,345	3.65	31 October 2014 – 20 March 2016
30 October 2014	31 October 2014	562	153,968	153,968	3.65	31 October 2014 – 14 August 2016
30 October 2014	31 October 2014	3,650	1,000,000	1,000,000	3.65	31 October 2014 – 16 September 2016
30 October 2014	31 October 2014	97	26,667	26,667	3.65	31 October 2014 – 29 October 2016
30 October 2014	31 October 2014	97	26,667	26,667	3.65	31 October 2014 – 29 October 2017

22 Employee share-based arrangements (continued)

(b) Share award scheme (continued)

(ii) Details of the awarded shares vested

<i>Vesting date</i>	<i>Average fair value per share</i> \$	<i>At 30 June 2016</i>		<i>At 31 December 2015</i>	
		<i>Number of awarded shares vested</i>	<i>Fair value of related awarded shares</i> \$'000	<i>Number of awarded shares vested</i>	<i>Fair value of related awarded shares</i> \$'000
1 February 2015	3.65	-	-	247,660	904
18 February 2015	3.65	-	-	355,667	1,298
26 February 2015	3.65	-	-	443,791	1,620
20 March 2015	3.65	-	-	748,345	2,731
14 August 2015	3.65	-	-	153,968	562
16 September 2015	3.65	-	-	1,000,000	3,650
30 October 2015	3.65	-	-	776,666	2,835
14 December 2015	3.65	-	-	375,629	1,371
2 January 2016	3.65	247,660	904	-	-
20 March 2016	3.65	748,345	2,731	-	-
		996,005	3,635	4,101,726	14,971

(iii) Movements in the number of shares awarded

	<i>Number of awarded shares</i>	
	<i>At 30 June 2016</i>	<i>At 31 December 2015</i>
Outstanding at 1 January	2,203,307	6,305,033
Vested	(996,005)	(4,101,726)
Outstanding at 30 June/31 December	1,207,302	2,203,307

23 Fair value measurement of financial instruments

(a) 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.

	<i>Fair value measurements as at 30 June 2016 categorised into</i>		<i>Fair value measurements as at 31 December 2015 categorised into</i>	
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 1</i>	<i>Level 2</i>
	\$'000	\$'000	\$'000	\$'000
Recurring fair value measurement				
<i>Investment at fair value through profit or loss:</i>				
Investment designated at fair value through profit or loss:				
- Listed equity	148,544		385,026	-
Held for trading:				
- Unlisted share option	-	8,410	-	25,594
	<u>148,544</u>	<u>8,410</u>	<u>385,026</u>	<u>25,594</u>

(b) 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 at the end of the reporting period.

24 Commitments

(a) Operating lease commitments

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

	<i>At 30 June</i> 2016 \$'000	<i>At 31 December</i> 2015 \$'000
Within one year	19,537	13,733
After one year but within five years	27,905	24,450
	47,442	38,183

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

As of 30 June 2016, the Group has capital commitments for the acquisition of leasehold improvement and equipment of HK\$4,382,000 (2015: nil) and capital commitments on intangible assets amounted to HK\$7,584,000 (2015: nil) outstanding not provided for in this announcement.

As disclosed in the announcement of the Company dated 4 February 2016, Reorient Financial Markets Limited (“Reorient Financial Markets”), a wholly owned subsidiary of the Company, entered into a joint venture agreement with Giant Investment Co., Ltd., and Jiangsu YuWell Technology Development Co., Ltd. (“Jiangsu Limited”) on 4 February 2016. As disclosed in the circular of the Company dated 29 April 2016, the joint venture agreement was superseded and replaced by the amended and restated joint venture agreement entered among Reorient Financial Markets, Hangzhou Dr. Herbs Electronics Commerce Company Limited and Jiangsu Limited on 13 April 2016. Upon establishment of the JV Company after obtaining all necessary approval as defined and disclosed in the circular, Reorient Financial Markets is committed to contribute RMB1,290,000,000 as registered capital of the JV Company.

As disclosed in the announcement of the Company dated 6 April, 2016, Profit Mind Global Limited (“Profit Mind”), a wholly owned subsidiary of the Company, entered into a share subscription agreement to subscribe 71,428,571 ordinary shares of Culturecom Holdings Limited (“CHL”) for a total consideration of HK\$15,000,000. Pursuant to another agreement made between CHL and Reorient Financial Markets, a wholly owned subsidiary of the Company, CHL shall pay a fee of HK\$12,000,000 (“Fee”) to Reorient Financial Markets. With the agreement and acknowledgement between CHL and Profit Mind, the consideration paid by Profit Mind to CHL is the balance in cash after setting off against the Fee not have been paid by CHL to Reorient Financial Markets.

24 Commitments (continued)

(b) Capital commitments (continued)

As of the end of reporting period, some of the conditions precedent set out in the share subscription agreement has not been fulfilled and the transaction has not been completed.

25 Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016 and 31 December 2015.

26 Material related party transactions

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

	<i>Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>\$'000</i>	<i>\$'000</i>
Brokerage commission (note (i))	270	5,181
Advisory fee income (note (ii))	17,659	32,830
	<u>17,929</u>	<u>38,011</u>

Note:

- (i) During the period ended 30 June 2016, the Group provided brokerage services to (i) a company where our independent non-executive director, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director; and (ii) a company where Mr. Ko is a substantial shareholder and an executive director.

During the period ended 30 June 2015, the Group provided brokerage services to (i) a company where our independent non-executive director, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director; and (ii) a company where Mr. Ko is a substantial shareholder and an executive director.

- (ii) During the period ended 30 June 2016, the Group provided advisory services to (i) a company where our chairman, Mr. Yu Feng (“Mr. Yu”), is a substantial shareholder and our independent non-executive director, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director of this company; (ii) two companies where Mr. Ko is a substantial shareholder and an executive director; (iii) a company where Mr. Yu is a director; and (iv) companies where Mr. Ko is a substantial shareholder.

During the period ended 30 June 2015, the Group provided advisory services to (i) a company where our independent non-executive director, Dr. Wong Yau Kar, David, BBS, JP, is an independent non-executive director; and (ii) a company where Mr. Ko is an executive director.

27 Comparative figures

Proceeds from disposal of financial assets at fair value through profit or loss is reclassified from investing activity to operating activity in the condensed consolidated statement of cash flows to conform to current period presentation.

By Order of the Board
REORIENT GROUP LIMITED
Li Ting
Executive Director and Chief Executive Officer

Hong Kong, 26 August 2016

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