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瑞東
REORIENT 
REORIENT GROUP LIMITED
瑞東集團有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code: 376)

MAJOR TRANSACTION
ESTABLISHMENT OF JOINT VENTURE COMPANY

ESTABLISHMENT OF THE JV COMPANY

Reference is made to the announcement dated 15 September 2015 whereby the Company announced that on 15 September 2015 (after trading hours), Reorient Financial Markets, a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with Giant and Jiangsu Co to establish the JV Company in Shanghai.

On 4 February 2016 (after trading hours), Reorient Financial Markets entered into a Joint Venture Agreement with Giant and Jiangsu Co. Under the Joint Venture Agreement, the parties agreed, among other things, that:

- i. the Total Investment Amount for the establishment of the JV Company shall be RMB3,000,000,000;
- ii. upon establishment, the JV Company shall have a registered capital of RMB1,000,000,000, which shall be contributed by Reorient Financial Markets, Giant and Jiangsu Co as to RMB430,000,000, RMB300,000,000 and RMB270,000,000, respectively. The JV Company will be held as to 43% by Reorient Financial Markets, 30% by Giant and 27% by Jiangsu Co;
- iii. upon completion of the first capital injection above, the registered capital of the JV Company may be increased from time to time in an amount unanimously agreed amongst Reorient Financial Markets, Giant and Jiangsu Co, subject to the approval(s) by the relevant regulatory authority; and

- iv. subject to the JV Company obtaining the requisite approvals from the China Securities Regulatory Commission, the JV Company is expected to become a full-licensed securities company permitted to provide securities brokerage, trading and investment advisory, underwriting, sponsorship and asset management services in mainland China.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the capital commitment of Reorient Financial Markets under the Joint Venture Agreement exceed 25% but less than 100%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements.

WRITTEN APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Joint Venture Agreement and the transactions contemplated thereunder; and (ii) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the Joint Venture Agreement.

So far as the Company is aware, none of the Shareholders is materially interested in the Joint Venture Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting were to be convened to approve the Joint Venture Agreement. As at the date of this announcement, Jade Passion is interested in 1,342,976,000 shares of the Company (representing approximately 55.97% of the total issued shares of the Company). As the Company has obtained the Written Approval from Jade Passion, no extraordinary general meeting of the Company will be convened for the purpose of approving the Joint Venture Agreement pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further details of Joint Venture Agreement and the transaction contemplated thereunder will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 1 March 2016.

Reference is made to the announcement dated 15 September 2015 whereby the Company announced that on 15 September 2015 (after trading hours), Reorient Financial Markets, a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with Giant and Jiangsu Co to establish the JV Company in Shanghai.

On 4 February 2016 (after trading hours), Reorient Financial Markets entered into a Joint Venture Agreement with Giant and Jiangsu Co in relation to the establishment of the JV Company. The Joint Venture Agreement will become effective upon the approval of the China Securities Regulatory Commission. The principal terms of the Joint Venture Agreement are as follows:

ESTABLISHMENT OF THE JV COMPANY

Date: 4 February 2016

Parties:

- (1) Reorient Financial Markets;
- (2) Giant; and
- (3) Jiangsu Co.

Mr. Shi Yuzhu, the sole shareholder of Giant, indirectly holds 1.5% in Jade Passion and has an effective shareholding of 0.84% in the Company. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Giant and Jiangsu Co and their respective ultimate beneficial owner(s) are third parties independent of the Company and any connected person (as defined in the Listing Rules) of the Company and are not connected persons of the Company.

Shareholding Structure and Capital Contribution

Under the Joint Venture Agreement, the parties agreed, among other things, that:

- i. the Total Investment Amount for the establishment of the JV Company shall be RMB3,000,000,000;
- ii. upon establishment, the JV Company shall have a registered capital of RMB1,000,000,000, which shall be contributed by Reorient Financial Markets, Giant and Jiangsu Co as to RMB430,000,000, RMB300,000,000 and RMB270,000,000, respectively. The JV Company will be held as to 43% by Reorient Financial Markets, 30% by Giant and 27% by Jiangsu Co;
- iii. upon completion of the first capital injection above, the registered capital of the JV Company may be increased from time to time in an amount unanimously agreed amongst Reorient Financial Markets, Giant and Jiangsu Co, subject to the approval(s) by the relevant regulatory authority; and
- iv. subject to the JV Company obtaining the requisite approvals from the China Securities Regulatory Commission, the JV Company is expected to become a full-licensed securities company permitted to provide securities brokerage, trading and investment advisory, underwriting, sponsorship and asset management services in mainland China.

The amount of capital contributions was determined after arm's length negotiation between the parties to the Joint Venture Agreement with reference to the initial capital requirement of the JV Company and the capital contribution intentions of the parties. Reorient Financial Markets' capital investment of RMB430,000,000 will be funded by the internal resources of the Group.

Financial Impact

Upon establishment of the JV Company, the Company will control the majority of the board of directors of the JV Company and therefore the JV Company will become a subsidiary of the Company. As a result, the financial results, assets and liabilities of the JV Company will be consolidated into the accounts of the Group.

Profit Sharing

Any profit or loss of the JV Company shall be shared or borne by the Company and the JV Partners in proportion to their respective equity interests in JV Company.

Restrictions

Each of the Reorient Financial Markets, Giant and Jiangsu Co shall not:

- (i) transfer all or any part of the equity interest in the JV Company held by it unless agreed to by the other parties to the Joint Venture Agreement and approved by the relevant authorities;
- (ii) sell, transfer or pledge all or any part of the equity interest in the JV Company held by it to the other parties to the Joint Venture Agreement or competitors of the JV Company;
- (iii) pledge or create any form of encumbrance on its equity interest in the JV Company, in whole or in part, without the prior written consent of other parties to the Joint Venture Agreement; or
- (vi) enter into any voting arrangement or agreement in respect of its equity interest in the JV Company, in whole or in part.

Management of the JV Company

The board of directors of the JV Company will consist of 7 directors. Reorient Financial Markets will nominate 5 directors (including 1 independent director); Giant will nominate 1 independent director; and Jiangsu Co will nominate 1 director.

The chairman of the board of directors of the JV Company shall be a director nominated by Reorient Financial Markets.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial services including securities trading, corporate finance services and consulting services.

As previously disclosed by the Company in the Subscription Circular, following completion of the Subscription Transaction, a significant portion of the proceeds from the Subscription Transaction may be used by the Company for the purpose of expansion of the Company's financial services businesses into markets outside Hong Kong, including mainland China by either acquiring or investing into existing licensed entities or applying for appropriate licensed in order to develop the capability to provide cross-border financial products and services to better service the needs of the Group's customers.

In entering into the Joint Venture Agreement and committing its resource towards the establishment of the JV Company on the terms of the Joint Venture Agreement, the Group and the JV Partners are expecting to rely on Supplement X of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), pursuant to which Hong Kong-funded financial institutions which satisfy the requirements for establishing foreign-invested securities companies may set up one full-licensed joint venture securities company in specified areas in accordance with relevant mainland China requirements with mainland China shareholders who are not securities companies.

Reorient Financial Markets and the JV Partners, following execution of the Joint Venture Agreement, are expected to submit applications, together with the Joint Venture Agreement and the articles of association of the JV Company, shortly to the China Securities Regulatory Commission for the establishment and regulatory licenses of the JV Company.

The Group believes its participation in the establishment and operation of the JV Company, on the JV Company being approved by the China Securities Regulatory Commission to be a full-licensed securities company in China, shall provide significant competitive advantages to the financial services businesses platform of the Group.

The Directors (including the independent non-executive Directors) consider that the investment in the JV Company by Reorient Financial Markets has been made on normal commercial terms and conditions, and that such terms and conditions are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE JV COMPANY

The JV Company is a limited liability company to be established in the PRC, which be owned as to 43% by Reorient Financial Markets, 30% by Giant and 27% by Jiangsu Co. The proposed principal activities of the JV Company shall include provision of regulated securities related services including, securities brokerage, securities trading and securities investment consultation, underwriting and sponsorship in securities, securities and assets management; and any other business approved by the China Securities Regulatory Commission. The parties may from time to time, by way of board resolutions of the JV Company and subject to the regulation by the applicable authorities, take all necessary actions or obtain the necessary approvals or licenses to expand the authorised business scope of the JV Company.

Pursuant to the Joint Venture Agreement, it was agreed that business operation period of the JV Company shall be 30 years from the date when the business license is granted by the relevant Industrial and Commercial Administration Department in the PRC.

INFORMATION ABOUT THE JV PARTNERS

Giant is a limited liability company incorporated in the PRC which is principally engaged in business investment, computer network development and service, investment management, asset management, investment consulting, business information consulting, corporate management consulting.

Jiangsu Co is a limited liability company incorporated in the PRC which is principally engaged in the development and sale of new electronic products and materials.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the capital commitment of Reorient Financial Markets under the Joint Venture Agreement exceed 25% but less than 100%, the entering into of the Joint Venture Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements.

In respect of the additional contributions by the parties to the Total Investment Amount after the establishment of the JV, as of the date of this Announcement, the parties have not agreed the total commitment amount to be contributed by each of Reorient Financial Markets, Giant and Jiangsu Co and there exists no legally-binding capital commitments on the part of Reorient Financial Markets, Giant and Jiangsu Co under the Joint Venture Agreement to make further contributions to the JV Company. The Company will comply with the then applicable Listing Rules and make further announcement(s) as and when necessary.

WRITTEN APPROVAL

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So far as the Company is aware, none of the Shareholders is materially interested in the Joint Venture Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting were to be convened to approve the Joint Venture Agreement. As at the date of this announcement, Jade Passion is interested in 1,342,976,000 shares of the Company (representing approximately 55.97% of the total issued shares of the Company). As the Company has obtained the Written Approval from Jade Passion, no extraordinary general meeting of the Company will be convened for the purpose of approving the Joint Venture Agreement pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further details of Joint Venture Agreement and the transaction contemplated thereunder will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 1 March 2016.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Reorient Group Limited, a company incorporated in Hong Kong, the issued shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Giant”	Giant Investment Co., Ltd.* (巨人投資有限公司), one of the JV Partners
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Jade Passion”	Jade Passion Limited, the controlling shareholder of the Company
“Jiangsu Co”	Jiangsu YuWell Technology Development Co., Ltd.* (江蘇魚躍科技發展有限公司), one of the JV Partners
“Joint Venture Agreement”	the joint venture agreement dated 4 February 2016 entered into among Reorient Financial Markets, Giant and Jiangsu Co in relation to the establishment of the JV Company
“JV Company”	Yunfeng Securities Co., Ltd.* 雲鋒證券股份有限公司, a company limited by shares to be incorporated under the laws of the PRC pursuant to the Joint Venture Agreement
“JV Partners”	Giant and Jiangsu Co
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“PRC”	the People’s Republic of China
“Reorient Financial Markets”	Reorient Financial Markets Limited (瑞東金融市場有限公司), a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Circular”	the circular dated 18 August 2015 issued by the Company, in connection with, the Subscription of new shares, application for whitewash waiver and notice of extraordinary general meeting
“Subscription Transaction”	the subscription for new shares in the Company by Yunfeng Financial Holdings Limited, Gentle Bright Development Limited, Violet Passion Holdings Limited, Harbour Yields Limited and Chosen Global Holdings Limited, as further described in the Subscription Circular
“Total Investment Amount”	the total aggregate investment amount of all due parties to the Joint Venture Agreement in respect of the establishment of the JV Company as set out in the Joint Venture Agreement

* *for identification purpose only*

“Written Approval” the written approval of the Joint Venture Agreement and the transaction contemplated thereunder by Jade Passion dated 3 February 2016

“%” percentage

By Order of the Board
REORIENT GROUP LIMITED

Li Ting

Executive Director and Chief Executive Officer

Hong Kong, 4 February 2016

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