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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in REORIENT GROUP LIMITED, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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### REORIENT GROUP LIMITED

### 瑞東集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

- (1) SHARE SWAP BETWEEN REORIENT GROUP LIMITED AND  
DVN (HOLDINGS) LIMITED – DISCLOSEABLE AND  
CONNECTED TRANSACTION**
- (2) PROPOSED REFRESHMENT OF  
GENERAL MANDATE TO ISSUE NEW SHARES  
AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**Nuada Limited**

*Corporate Finance Advisory*

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A letter from the Board is set out on pages 5 to 25 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 41 of this circular.

A notice convening the EGM to be held at Suites 1101-1103, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 10 January 2014, Friday at 10:00 a.m. is set out on pages 49 to 51 of this circular. Whether or not you intend to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meetings. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and a Sunday and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company” or “Reorient”	REORIENT GROUP LIMITED, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00376)
“Completion”	completion of the Share Swap Agreement
“Completion Date”	the third Business Day following the date on which all the conditions precedent to the Share Swap Agreement are fulfilled or waived in accordance with the Share Swap Agreement (or such other date as may be agreed in writing between DVN and the Company)
“Director(s)”	directors of the Company
“DVN”	DVN (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00500)
“DVN Group”	DVN and its subsidiaries
“DVN Independent Shareholders”	shareholders of DVN other than Mr. Ko and his Associates
“DVN Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of DVN

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## DEFINITIONS

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“DVN Swap Shares”	the 56,976,571 new DVN Shares to be allotted and issued to the Company, or its nominee(s), under the Share Swap
“EGM”	the extraordinary general meeting of the Company to be held on 10 January 2014, Friday at 10:00 a.m. (or any adjournment thereof) to consider and, if thought fit, approve the Share Swap and the transactions contemplated thereunder, the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate
“Existing General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting held on 22 April 2013 to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising independent non-executive Directors, namely Mr. Liu Zhengui, Mr. Ding Kebai and Mr. Chu Chung Yue, Howard, which has been established to advise the Independent Shareholders in respect of the Share Swap and the transactions contemplated thereunder, the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate
“Independent Shareholders”	Shareholders other than Mr. Ko and his Associates
“Joint Announcement”	the joint announcement of the Company and DVN dated 23 November 2013
“Last Trading Day”	22 November 2013, being the last full trading day on which the DVN Shares and the Reorient Shares were traded on the Stock Exchange prior to the publishing of the Joint Announcement

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## DEFINITIONS

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“Latest Practicable Date”	19 December 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Erik D. Prince”	Mr. Erik D. Prince, an American businessman, who was the beneficial owner of Frontier Services Limited which has been sold to DVN pursuant to the DVN Acquisition (as defined and detailed in the section “Reasons for and benefits of the Share Swap” in this circular)
“Mr. Ko”	Mr. Ko Chun Shun, Johnson
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Nuada Limited”	Nuada Limited, a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Share Swap and the transactions contemplated thereunder, the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate
“Proposed Refreshment of General Mandate”	the Company’s proposal to refresh a general mandate to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Reorient Share(s)” or “Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Reorient Swap Shares”	the 17,805,178 new Reorient Shares to be allotted and issued to DVN, or its nominee(s), under the Share Swap

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Swap”	the subscription of the Reorient Swap Shares by DVN and the subscription of the DVN Swap Shares by the Company
“Share Swap Agreement”	the conditional agreement dated 23 November 2013 entered into between DVN and the Company in relation to the Share Swap
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the special mandate proposed to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of the Reorient Swap Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



**REORIENT GROUP LIMITED**

**瑞東集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

***Executive Directors:***

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

***Registered office:***

Suites 1101-1103  
11/F, Far East Finance Centre  
16 Harcourt Road  
Admiralty  
Hong Kong

***Independent Non-Executive Directors:***

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

23 December 2013

*To the Shareholders and Independent Shareholders*

Dear Sirs,

**(1) SHARE SWAP BETWEEN REORIENT GROUP LIMITED AND  
DVN (HOLDINGS) LIMITED – DISCLOSEABLE AND  
CONNECTED TRANSACTION  
(2) PROPOSED REFRESHMENT OF  
GENERAL MANDATE TO ISSUE NEW SHARES  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**BACKGROUND**

Reference is made to the Joint Announcement of the Company and DVN dated 23 November 2013. On 23 November 2013, the Company and DVN entered into the Share Swap Agreement pursuant to which (i) DVN has agreed to subscribe for and the Company has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares, and in return

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## LETTER FROM THE BOARD

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(ii) the Company has agreed to subscribe for and DVN has agreed to allot and issue to the Company 56,976,571 new DVN Swap Shares, subject to the terms and conditions of the Share Swap Agreement as summarised below. The purpose of this circular is to provide you with, among others, information on (i) the Share Swap and the transactions contemplated thereunder and the proposed grant of the Specific Mandate to issue the Reorient Swap Shares; and (ii) the Proposed Refreshment of General Mandate.

### THE SHARE SWAP AGREEMENT

Date of the Share Swap 23 November 2013

Agreement:

Parties: the Company

DVN

Pursuant to the Share Swap Agreement, (i) DVN has agreed to subscribe for and the Company has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares; and (ii) the Company has agreed to subscribe for and DVN has agreed to allot and issue to the Company 56,976,571 new DVN Swap Shares.

The 17,805,178 new Reorient Swap Shares represented approximately 4.3% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 4.1% of the enlarged issued share capital of the Company as a result of the Share Swap. Based on the closing price of the Reorient Shares as of the Last Trading Day of HK\$2.4 per Reorient Share, the total market value of the new Reorient Swap Shares amounted to approximately HK\$42.7 million. Based on the closing price of the Reorient Shares as of the Latest Practicable Date of HK\$2.4 per Reorient Share, the total market value of the new Reorient Swap Shares amounted to approximately HK\$42.7 million.

The 56,976,571 new DVN Swap Shares represented 5.0% of the existing issued share capital of DVN as at the Latest Practicable Date and approximately 4.8% of the enlarged issued share capital of DVN as a result of the Share Swap. Based on the closing price of the DVN Shares as of the Last Trading Day of HK\$0.75 per DVN Share, the total market value of the new DVN Swap Shares amounted to approximately HK\$42.7 million. Based on the closing price of the DVN Shares as of the Latest Practicable Date of HK\$1.16 per DVN Share, the total market value of the new DVN Swap Shares amounted to approximately HK\$66.09 million.



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## LETTER FROM THE BOARD

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Based on the closing price of the DVN Shares on the Last Trading Day, the implied issue price of each new Reorient Swap Share is HK\$2.40, which equals the closing price of a Reorient Share as at the Last Trading Day, the average closing price of HK\$2.4 per Reorient Share for the five consecutive trading days up to and including the Last Trading Day and the closing price of HK\$2.4 per Reorient Share as at the Latest Practicable Date. It also represents a discount of approximately 1.64% to the average closing price of HK\$2.44 per Reorient Share for the 10 consecutive trading days up to and including the Last Trading Day.

Based on the closing price of the Reorient Shares on the Last Trading Day, the implied issue price of each new DVN Swap Share is HK\$0.75, which equals the closing price of a DVN Share as at the Last Trading Day and represents:

- (i) a premium of approximately 3.88% over the average closing price of HK\$0.722 per DVN Share for the five consecutive trading days up to and including the Last Trading Day;
- (ii) a premium of approximately 4.75% over the average closing price of HK\$0.716 per DVN Share for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 35.34% to the closing price of HK\$1.16 per DVN Share as at the Latest Practicable Date.

The terms of the Share Swap were arrived at after arm's length negotiation between the Company and DVN with reference to their respective recent market capitalisation at the time when the Share Swap Agreement was entered into.

### **Conditions**

Completion of the Share Swap will take place on the third Business Day following the date on which all of the following conditions are fulfilled or waived (or such other date as may be agreed in writing between DVN and the Company):

- (i) the Company having obtained an approval from the Stock Exchange for the listing of and permission to deal in the Reorient Swap Shares and such listing and permission not being subsequently revoked prior to the allotment and issue of the Reorient Swap Shares;

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## LETTER FROM THE BOARD

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- (ii) DVN having obtained an approval from the Stock Exchange for the listing of and permission to deal in the DVN Swap Shares and such listing and permission not being subsequently revoked prior to the allotment and issue of the DVN Swap Shares;
- (iii) the Company having obtained approval from the Independent Shareholders with respect to the transactions contemplated under the Share Swap Agreement and the allotment and issue of the Reorient Swap Shares to DVN;
- (iv) DVN having obtained approval from the DVN Independent Shareholders with respect to the transactions contemplated under the Share Swap Agreement and the allotment and issue of the DVN Swap Shares to the Company;
- (v) there being no matter which will constitute a material adverse change (as defined in the Share Swap Agreement) on the DVN Group immediately before Completion;
- (vi) there being no matter which will constitute a material adverse change (as defined in the Share Swap Agreement) on the Group immediately before Completion;
- (vii) the representations, warranties and undertakings given by the Company in favour of DVN as set out in the Share Swap Agreement remain true and correct in all material respects as if they are made on the Completion Date;
- (viii) the representations, warranties and undertakings given by DVN in favour of the Company as set out in the Share Swap Agreement remain true and correct in all material respects as if they are made on the Completion Date;
- (ix) all necessary waivers, consents, permits and approval (whether governmental, regulatory or otherwise) as may be required by the Company for the Share Swap Agreement and the transactions contemplated thereunder (including but not limited to such waivers, consents, permits and approval (if appropriate or required) of the Stock Exchange and the Securities and Futures Commission and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Share Swap Agreement) have been made and/or obtained and remain in effect as of the Completion Date; and

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## LETTER FROM THE BOARD

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- (x) all necessary waivers, consents, permits and approval (whether governmental, regulatory or otherwise) as may be required by DVN for the Share Swap Agreement and the transactions contemplated thereunder (including but not limited to such waivers, consents, permits and approval (if appropriate or required) of the Stock Exchange and the Securities and Futures Commission and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the entering into and the implementation of the Share Swap Agreement) have been made and/or obtained and remain in effect as of the Completion Date.

The Company may at any time waive any conditions other than (i), (iii) and (ix) either in whole or in part and conditionally or unconditionally by giving notice to DVN. DVN may at any time waive any conditions other than (ii), (iv) and (x) either in whole or in part and conditionally or unconditionally by giving notice to the Company. As at the Latest Practicable Date, none of the conditions above were fulfilled or waived.

The Company understands that there is no waiver, consent, permit and approval which the Company or DVN will need to obtain under conditions (ix) and (x).

If the above conditions have not been fulfilled or waived on or before 31 January 2014 (or such later date as may be agreed by DVN and the Company), the Share Swap Agreement will cease and determine (save and except certain clauses as set out in the Share Swap Agreement which shall remain in full force and effect) and no party shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms hereof.

Unless the subscription of all DVN Swap Shares is completed simultaneously, the Company shall not be obliged to complete the subscription of any of the DVN Swap Shares or the allotment and issuance of any of the Reorient Swap Shares. Similarly, unless the subscription of all Reorient Swap Shares is completed simultaneously, DVN shall not be obliged to complete the subscription of any of the Reorient Swap Shares or the allotment and issuance of any of the DVN Swap Shares.

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## LETTER FROM THE BOARD

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### Warranties

DVN and the Company have given certain customary warranties relating to each of them, which include the following warranties:

1. each of the Company and DVN warrants and represents to each other that the warranties given by each of them are true, accurate and not misleading as at the date of the Share Swap Agreement and will be true, accurate and not misleading as if they had been repeated on the Completion Date;
2. each warranty given by the Company or DVN (whichever is applicable) shall be construed as a separate warranty and (save as expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other warranty given by the Company or DVN (whichever is applicable) or any other terms of the Share Swap Agreement;
3. except as otherwise permitted by the Share Swap Agreement and save for the DVN Acquisition (as defined and detailed in the section “Reasons for and benefits of the Share Swap” in this circular), from the date of the Share Swap Agreement and at all times up to and including the Completion Date, each member of the Group or the DVN Group (whichever is applicable) shall, unless prior written consent of the other party has been given:
  - carry on its business in the ordinary course consistent with past practice in all material respects and to preserve its relationships with its major customers, suppliers and others having business dealings with the Group or the DVN Group (whichever is applicable);
  - not make any material change to the nature of its business or cease its business activities or a major part thereof;
  - not amend, alter or repeal, whether by merger, reclassification or otherwise any provision of its constitutional documents; and
  - not pass any resolution for or which would result in the winding up, liquidation or entering into administration or receivership of any member of the Group or the DVN Group (whichever is applicable); undertake any amalgamation, merger or restructuring or liquidation exercise concerning any member of the Group or the DVN Group (whichever is applicable); or apply for the appointment of a receiver, manager or judicial manager or like officer of any member of the Group or the DVN Group (whichever is applicable) or any material assets thereof;

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## LETTER FROM THE BOARD

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4. the warranties given by the Company or DVN (whichever is applicable) shall be deemed to be repeated as at Completion as if all references therein to the date of the Share Swap Agreement were (save where the context precludes) references to the date of Completion. Any liability of the Company or DVN (whichever is applicable) in respect of a breach of the warranties given by it shall survive Completion;
5. each of the Company and DVN undertakes to indemnify and keep indemnified the other party against any loss or liability suffered by that other party as a result of or in connection with any breach of any of the said representations, warranties and undertakings including, but not limited to, any diminution in the value of the assets of and any payment made or required to be made by that other party and any costs and expenses incurred as a result of such breach provided that the indemnity contained in this clause shall be without prejudice to any other rights and remedies of that other party in relation to any such breach of representation, warranty or undertaking and all such other rights and remedies are hereby expressly reserved to that other party;
6. each of the Company and DVN will both before and after Completion promptly notify the other party in writing of any matter or thing of which it becomes aware which is a breach of or inconsistent with any of the warranties given by it;
7. the liability of each of the Company and DVN in respect of any claims for breach of any of the warranties given by it shall be limited as follows:
  - (a) its aggregate maximum liability in respect of all claims for breach of the warranties given by it shall not exceed HK\$20,000,000; and
  - (b) no claims may be brought against a party in respect of a breach of the warranties given by it after the date falling eighteen (18) months after the Completion Date (the “Cut-Off Date”) and such party shall not be liable in respect of any such breach unless it shall have received written notice from the other party on or prior to the Cut-Off Date giving details of the relevant claim and any such claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been waived or withdrawn at the expiry of a period of six (6) months after the Cut-Off Date unless proceedings in respect thereof shall have already been commenced against the first mentioned party;

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## LETTER FROM THE BOARD

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8. the Company or DVN (whichever is applicable) is duly incorporated and validly existing under the laws of its incorporation with power to conduct its business in the manner presently conducted and has complied with all applicable laws and regulations in all jurisdictions in which it operates;
9. each member of the Group or the DVN Group (whichever is applicable) is duly incorporated, organised or established and validly existing under the laws of the place of its incorporation, organisation or establishment with power to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group or the DVN Group (whichever is applicable);
10. subject to the fulfillment of the conditions precedent to the completion of the Share Swap, the Company or DVN (whichever is applicable) has the authority, power, capacity and right to enter into and perform its obligations under the Share Swap Agreement and any other documents to be executed by the Company or DVN (whichever is applicable) pursuant to or in connection with the Share Swap Agreement without any further sanction or consent by the holders of any class of shares of the Company or DVN (whichever is applicable) and has taken all necessary actions to authorize the execution and completion of the Share Swap and any such other documents by it and the performance of its obligations hereunder;
11. subject to the fulfilment of the conditions precedent to the completion of the Share Swap, the Company or DVN (whichever is applicable) will have sufficient authorised but unissued share capital to satisfy the issue of the Reorient Swap Shares or the DVN Swap Shares (whichever is applicable) and the Directors of the Company or the directors of DVN (whichever is applicable) will be authorised to issue the Reorient Swap Shares or the DVN Swap Shares (whichever is applicable); and the Reorient Swap Shares or the DVN Swap Shares (whichever is applicable) will be duly authorised, will rank *pari passu* in all respects with all other then existing Reorient Shares or DVN Shares (whichever is applicable) at the date of allotment and issue of the Reorient Swap Shares or DVN Swap Shares (whichever is applicable) and will be entitled to all dividends, bonuses and distributions the record date for which falls on a date on or after the date of allotment and issue of the Reorient Swap Shares and the DVN Swap Shares (whichever is applicable); and there will be no restrictions on voting and transfers of the Reorient Swap Shares and the DVN Swap Shares (whichever is applicable);

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## LETTER FROM THE BOARD

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12. subject to the fulfilment of the conditions precedent to the completion of the Share Swap, all consents, authorisations and approvals of, and all registrations and filings with, any governmental or regulatory department, authority, agency or body required to be obtained or made by any member of the Group or the DVN Group (whichever is applicable) in Hong Kong, Bermuda (applicable to DVN only) or any other jurisdiction in which any member of the Group or the DVN Group (whichever is applicable) has business as at the date of the Share Swap Agreement and as at the Completion Date, or with the courts or any third party pursuant to any contractual or other arrangement to which the Company and any member of the Group or DVN and any member of the DVN Group (whichever is applicable) is a party, for or in connection with the Share Swap Agreement, the Reorient Swap Shares or the DVN Swap Shares (whichever is applicable) and the performance, validity or enforceability of the terms of the Share Swap Agreement or the Reorient Swap Shares or the DVN Swap Shares (whichever is applicable) have been obtained or made;
13. subject to the fulfillment of the conditions precedent to the completion of the Share Swap and to the best knowledge of the Directors of the Company or the directors of DVN (whichever is applicable) after due and careful enquiry, the execution, delivery and the performance of the Share Swap Agreement, and the issue of Reorient Swap Shares or DVN Swap Shares (whichever is applicable) will not:
- result in a breach of any provision of the memorandum of association or by-laws or articles of association (whichever is applicable) of the Company or DVN (whichever is applicable), or a breach, rescission or termination of any deed, agreement, arrangement, mortgage or instrument to which the Company or DVN (whichever is applicable) is a party or which is binding upon the Company or DVN (whichever is applicable) or any of its property or assets in each case in any material respects, and will not result in the creation or imposition of any encumbrance or any rights of third party on any of its assets pursuant to the provisions of any such agreement, arrangement or instruments; or
  - result in a breach of any law or regulation or any order, judgment or decree of any court, governmental agency or regulatory body of Hong Kong, Bermuda (applicable to the DVN only) or any other relevant jurisdiction to which the Company or DVN (whichever is applicable) is a party or by which the Company or DVN (whichever is applicable) or its property or assets is bound in each case in any material respects;

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## LETTER FROM THE BOARD

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14. the Share Swap Agreement, when executed and delivered, will constitute legal, valid and binding obligations of the Company or DVN (whichever is applicable) enforceable against the Company or DVN (whichever is applicable) in accordance with its terms;
15. the particulars relating to the Company or DVN (whichever is applicable, as set out in the recitals and schedule of the Share Swap Agreement) are true, complete and accurate;
16. all of the existing issued Reorient Shares or the issued shares of DVN (whichever is applicable) are listed on the Stock Exchange and the Company or DVN (whichever is applicable) is not in breach of any rules, regulations or requirements of the Stock Exchange or the Securities and Futures Commission;
17. the DVN Swap Shares or the Reorient Swap Shares (whichever is applicable) will be allotted and issued to the Company or DVN (whichever is applicable) on the completion of the Share Swap free from all encumbrances;
18. the audited accounts for the year ended 31 December 2012 and the unaudited accounts for the period ended 30 June 2013 published by the Company or DVN (whichever is applicable):
  - have been prepared in accordance with generally accepted accounting principles and practices including all applicable statements of standard accounting practice generally accepted in Hong Kong and the memorandum of association and bye-laws or articles of association (whichever is applicable) of the Company or DVN (whichever is applicable); and
  - show a true and fair view of the state of affairs and financial position of the Company or DVN (whichever is applicable) as at the date to which such accounts were made up and of its results for the financial period ended on that date;
19. except the information relating to the transactions contemplated under the Share Swap Agreement, to the best knowledge of the directors of the board of directors of the Company or the directors of the board of directors of DVN (whichever is applicable) after due and careful enquiry, the Company or DVN (whichever is applicable) is not in possession of any information relating to it, any other member of the Group or the DVN Group (whichever is applicable) or their respective businesses the release of which could materially affect the price of the Reorient Shares or the DVN Shares (whichever is applicable);



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## LETTER FROM THE BOARD

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20. there is no litigation, arbitration, prosecution or other legal proceedings in progress or pending or threatened against any member of the Group or DVN Group (whichever is applicable) nor is there any claim or any fact which may give rise to a claim against any member of the Group or DVN Group (whichever is applicable), which in any such case may have or have had a material adverse effect on the business or financial position of any member of the Group or DVN Group (whichever is applicable); and
21. there has been no material adverse change in the financial position of any member of the Group or the DVN Group (whichever is applicable) since the date of the Share Swap Agreement and no event has occurred or factor emerged which may give rise to a material adverse change in such position in the foreseeable future which has not been disclosed to DVN or the Company (whichever is applicable);
22. save as disclosed in the audited accounts for the year ended 31 December 2012 published by the Company or DVN (whichever is applicable), no member of the Group or DVN Group (whichever is applicable) has entered into any contract or commitment which is not in the ordinary course of its business or which is of an unusual or onerous nature or which, in the context of the Share Swap Agreement, might be material for disclosure and each member of the Group or DVN Group (whichever is applicable) has carried on its business in the ordinary and usual course and has complied in all material respects with the provisions of all relevant ordinances, statutes, rules, regulations and codes of conduct and guidelines to which the Group or DVN Group (whichever is applicable) is subject in connection with the operation of its business, including the regulations of the Stock Exchange, the Securities and Futures Commission or any other internationally recognised stock exchange or regulatory authority by which any such company is bound.
23. no registration is required, nor will any registration be made, under the United States Securities Act of 1933, as amended, (a) for the offer, sale, allotment and issue of the Reorient Shares to DVN and/or the subscription by DVN of the Reorient Swap Shares in the manner contemplated in the Share Swap Agreement; or (b) for the offer, sale, allotment and issue of the DVN Shares to the Company and/or the subscription by the Company of the DVN Swap Shares in the manner contemplated in the Share Swap Agreement (whichever is applicable);

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## LETTER FROM THE BOARD

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24. all information (whether oral, written, electronic or in any other form) supplied by or on behalf of the Company or DVN (whichever is applicable), any other member of the Group or the DVN Group (whichever is applicable) or any of their respective officers, directors, employees or advisers, to DVN or the Company (whichever is applicable) and all public disclosure or statements made by the Company or DVN (whichever is applicable), including without limitation announcements, circulars, returns and interim and annual reports and any disclosures set out or referred to in the Share Swap Agreement are and were, when supplied, true and accurate in all material respects and not misleading in any material respect.

### **RANKING OF AND ISSUE MANDATE FOR THE DVN SWAP SHARES**

The DVN Swap Shares will be issued under a specific mandate to be approved by the DVN Independent Shareholders. The DVN Swap Shares, when allotted and issued, will rank *pari passu* in all respects with all the DVN Shares then in issue.

### **RANKING OF AND ISSUE MANDATE FOR THE REORIENT SWAP SHARES**

The Reorient Swap Shares will be issued under a specific mandate to be approved by the Independent Shareholders. The Reorient Swap Shares, when allotted and issued, will rank *pari passu* in all respects with all the Reorient Shares then in issue. An application was made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Reorient Swap Shares.

### **Information on DVN**

The DVN Group is principally engaged in the provision of advertising agency services and the provision of online financial market information.

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## LETTER FROM THE BOARD

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### Shareholding structure of DVN

Set out below is the shareholding information of DVN (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the new DVN Swap Shares and assuming no further new DVN Shares will be allotted and issued (for illustrative purposes only):

	<b>As at the Latest Practicable Date</b>		<b>Immediately after the allotment and issue of the new DVN Swap Shares (assuming no further new DVN Shares will be allotted and issued)</b>	
	<i>Number of shares</i>	<i>(approx.) %</i>	<i>Number of shares</i>	<i>(approx.) %</i>
Easy Flow Investments Limited <i>(Note 1)</i>	237,592,607	20.9	237,592,607	19.9
Rich Hill Capital Limited <i>(Note 2)</i>	175,500,000	15.4	175,500,000	14.7
First Gain International Limited <i>(Note 3)</i>	48,276,719	4.2	48,276,719	4.0
Ms. Cheung Yat Kwan <i>(Note 4)</i>	2,040,816	0.2	2,040,816	0.2
Mr. Chu Hon Pong <i>(Note 5)</i>	450,000	0.0	450,000	0.0
The Company <i>(Note 6)</i>	—	—	56,976,571	4.8
Public DVN shareholders	675,671,290	59.3	675,671,290	56.4
<b>Total</b>	<b>1,139,531,432</b>	<b>100</b>	<b>1,196,508,003</b>	<b>100</b>

*Note 1:* CITIC Group Corporation is deemed to be interested in the DVN Shares held by Easy Flow Investments Limited under the SFO by virtue of its indirect interests in Easy Flow Investments Limited.

*Note 2:* Mr. Ko is deemed to be interested in the DVN Shares held by Rich Hill Capital Limited under the SFO by virtue of his direct interests in Rich Hill Capital Limited.

*Note 3:* Mr. Ko is deemed to be interested in the DVN Shares held by First Gain International Limited under the SFO by virtue of his direct interests in First Gain International Limited.

*Note 4:* Mr. Ko is deemed to be interested in the DVN Shares held by Ms. Cheung Yat Kwan under the SFO as Ms. Cheung Yat Kwan is the spouse of Mr. Ko.

*Note 5:* Mr. Chu Hon Pong is an independent non-executive director of DVN.

*Note 6:* Mr. Ko is the ultimate controlling shareholder of the Company. He owns the entire issued share capital of Kwan Wing Holdings Limited which in turn owns a 79.5% shareholding interest in Gainhigh Holdings Limited. Gainhigh Holdings Limited holds 270,824,382 Reorient Shares as at the Latest Practicable Date. Accordingly, Mr. Ko is deemed to be interested in the DVN Swap Shares to be allotted and issued to the Company pursuant to the Share Swap Agreement under the SFO.

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## LETTER FROM THE BOARD

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### Financial information of DVN

Set out below is a summary of the audited consolidated financial information of DVN for the two financial years ended 31 December 2012 and 31 December 2011.

	<b>For the year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$</i>	<i>HK\$</i>
		(restated)
Loss before taxation and extraordinary items, if any	185,371,000	130,218,000
Loss for the year	214,724,000	117,845,000

As at 30 June 2013, the unaudited consolidated net asset value of DVN amounted to approximately HK\$737.58 million.

### INFORMATION ON THE COMPANY

The Group is principally engaged in the provision of securities brokerage, securities underwriting and placements, and consultancy and advisory services.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding information of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the new Reorient Swap Shares and assuming no further new Reorient Shares will be allotted and issued (for illustrative purposes only):

	<b>As at the</b>		<b>Immediately after the</b>	
	<b>Latest Practicable Date</b>		<b>allotment and issue of the</b>	
	<i>Number of</i>	<i>(approx.)</i>	<i>Number of</i>	<i>(approx.)</i>
	<i>shares</i>	<i>%</i>	<i>shares</i>	<i>%</i>
Gainhigh Holdings Limited	270,824,382	65.8	270,824,382	63.1
DVN	—	—	17,805,178	4.1
Public Shareholders	140,670,145	34.2	140,670,145	32.8
<b>Total</b>	<b>411,494,527</b>	<b>100</b>	<b>429,299,705</b>	<b>100</b>

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE SHARE SWAP

Reference is made to DVN's announcement dated 23 November 2013 (the "DVN Announcement") regarding, among other things, the entering into of an agreement by DVN pursuant to which DVN has agreed to acquire the entire issued share capital of Frontier Services Limited (which plans to engage in the provision of aviation and logistics services in East Africa) from a company wholly owned by Mr. Erik D. Prince (the "DVN Acquisition"). Details of the DVN Acquisition are set out in the DVN Announcement. The opportunity for the DVN Acquisition was brought to DVN by the Company's wholly owned subsidiary, Reorient Financial Markets Limited ("RFM") as DVN's exclusive agent and adviser. Subject to, among other things, approval of the DVN Independent Shareholders, RFM will be granted an option to subscribe for 22,790,628 new DVN Shares at a subscription price of HK\$0.80 each as remuneration for the introduction and financial advisory services.

The Company was informed by DVN that DVN is of the view that through the DVN Acquisition, DVN is entering into the secured logistics business in Africa by providing secured and safe logistics and transportation services to foreign and local companies which develop and/or operate a resources, infrastructure or manufacturing business in Africa.

The Group is, from time to time, mandated in various resources related deals and other opportunities in Africa, which may involve identifying, among other things, potential investors or business partners, etc. for those projects in the region. It is conceivable that these projects with their operations and business activities in the region may potentially require secured logistics services. DVN considers that our opportunistic deals and network may potentially lead to Frontier Services Limited secure new business and revenue, and thus enhance its business prospects. The Group also considers that this may benefit the Group by adding value to its transactions and thus enhance the chance of success of closing the related transactions.

DVN may use the Group's various professional services to facilitate DVN's business development and transactions in the future, including business referrals between the Group and the DVN Group, subject to separate engagements to be agreed by both parties from time to time. The Group is exploring with the DVN Group some acquisition opportunities, but no formal negotiations have yet commenced. The Company and DVN will from time to time exchange business ideas and explore cooperation opportunities and referrals.

As set out in the DVN Announcement, Frontier Services Limited is newly incorporated on 13 November 2013 and has not commenced any operation and Kijipwa Aviation Limited, a company incorporated in Kenya, which is owned as to 49% by Frontier Services Limited incurred a loss for the two years ended 30 April 2012 and 2013. Nevertheless, as set out

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## LETTER FROM THE BOARD

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in the DVN Announcement, it is the plan of Frontier Services Limited to engage in the provision of logistics, aviation and risk management services to international companies operating in the natural resources sector in East Africa, leveraging the capabilities of Kijipwa Aviation Limited. Kijipwa Aviation Limited holds certain Kenyan licenses and authorizations which enable it to provide air services including commercial air transport, aerial work services, maintenance and other aviation and logistics services. Following completion of the DVN Acquisition, Kijipwa Aviation Limited will expand its business activities to provide a broader array of transport, logistics and aircraft maintenance services.

As further set out in the DVN Announcement, the African aviation and logistics services industry is at an early stage of development but is expanding, representing an opportunity for substantial growth. Frontier Services Limited plans to leverage on the permits and licences held by Kijipwa Aviation Limited, and the extensive experience and business relationships of Mr. Erik D. Prince (a director of Frontier Services Limited and a seasoned investor in the region with activities in East and West Africa). Given that above, the Company is of the view that the DVN Acquisition will provide DVN with a new potential growth.

The Company has considered the recent track record of the DVN Group regarding its operating loss when decided to enter into the Share Swap Agreement. The Company is of the view that the market price of the DVN Shares has likely reflected the track record of the DVN Group and the DVN Acquisition will provide DVN with a new potential growth. The Share Swap will also help establish the strategic relationship between the Group and the DVN Group by potential business referrals in particular those relating to resources opportunity in Africa. After the publication of the announcements in relation to the DVN Acquisition and the Share Swap dated 23 November 2013 and up to the Latest Practicable Date, the price of the DVN Shares increased from HK\$0.75 as of the Last Trading Day to the highest of HK\$1.30 on 9 December 2013. As of the Latest Practicable Date, the closing price per DVN Share was HK\$1.16, representing an increase of approximately 54.67% to the price of the DVN Shares as of the Last Trading Day. The Group's investment in the DVN Swap Shares, when allotted and issued to the Company, will be booked as financial assets in the financial statements of the Company. Save for the above business potential, the Group would also benefit from any future dividends and distributions declared by DVN and appreciation in share price (if any). Accordingly, the Board is of the view that the Share Swap Agreement was entered into on normal commercial terms at arm's length and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has no present intention to acquire any further interest in DVN. Should the Company acquire a further interest in DVN, the Company will comply with the relevant requirements in the Listing Rules as and when required.

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue new Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing the relevant resolution.

The New General Mandate, if granted, shall be in force during the period from the date of passing of the resolution for the approval of the New General Mandate and up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws of Hong Kong to be held; or (iii) the revocation or variation of the New General Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

At the annual general meeting of the Company held on 22 April 2013 (the “AGM”), the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 76,898,905 Shares, being 20% of the entire issued share capital of the Company as at the date of passing of the relevant resolution.

From the date of the granting of the Existing General Mandate up to the Latest Practicable Date, the Existing General Mandate had been utilised as to 27,000,000 Shares which have been issued as a result of a top-up placing of the Company (the “2013 Top-up Placing”) pursuant to (i) the placing agreement dated 6 June 2013 entered into between Gainhigh Holdings Limited and RFM (as placing agent) to place 27,000,000 existing Shares (the “Placing Shares”) at a price of HK\$3.05 per Share; and (ii) a subscription agreement entered into between the Company and Gainhigh Holdings Limited that Gainhigh Holdings Limited has subscribed for 27,000,000 new Shares which equals the number of the Placing Shares actually placed under the placing at a price of HK\$3.05 per Share. Details of which have been set out in the Company’s announcement dated 6 June 2013. Accordingly, as at the Latest Practicable Date, the Existing General Mandate allows the Board to allot and issue up to 49,898,905 new Shares subject to the provision of the Listing Rules, representing an utilisation of approximately 35% of the Existing General Mandate.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the AGM. As at the Latest Practicable Date, the Company had an aggregate of 411,494,527 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 82,298,905 Shares, being 20% of the total number of Shares in issue as at the Latest Practicable Date.

The following table summarises the fund raising activity of the Company in the past twelve months immediately prior to the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds as at the Latest Practicable Date</b>
6 June 2013	Top-up placing of 27,000,000 Shares under the Exiting General Mandate	Approximately HK\$82 million	General funding and support the development of the core businesses of the Group	Part of the net proceeds of approximately HK\$50 million had been used for the general funding and supporting the development of the Group's core businesses and the Company intends to use the remaining net proceeds for the intended use. The remaining proceeds were kept in the Company's bank accounts



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## LETTER FROM THE BOARD

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Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Up to the Latest Practicable Date, the Company does not have any concrete plan regarding the utilisation of the New General Mandate. Although the Company does not have any current intention to raising additional funds by issuing further new Shares and there will be dilution impact to the existing Shareholders from the issue of additional Shares under the New General Mandate, the Board believes that the New General Mandate will provide the necessary continual flexibility for the Company to raise funds for its future business development and/or opportunities which may be identified by the Company through equity financing and/or to issue new Shares and/or other securities carrying rights allowing its holders to subscribe for new Shares or convert the securities into new Shares as consideration for any acquisition. Given that equity financing (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issues or open offers; (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises; (iv) out of the net proceeds from the 2013 Top-up Placing of approximately HK\$82 million, approximately 61% (i.e. approximately HK\$50 million) of the net proceeds has been utilised; the Board is of the view the New General Mandate will enable the Company to have the flexibility to plan for its business development depending on the market conditions and opportunities which may arise from time to time. Accordingly, the Board proposes the Proposed Refreshment of General Mandate for the Directors to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of the EGM.

Having considered that the New General Mandate will provide the Company with (i) greater flexibility to raise funds for the purposes of, among other things, funding the Group's business expansion plan and/or future business opportunities; (ii) more financing options, where appropriate, when assessing and/or negotiating potential investments, the Directors are of the view that the New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios applicable under Rule 14.07 of the Listing Rules in respect of the Share Swap are more than 5% but less than 25%, the Share Swap constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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## LETTER FROM THE BOARD

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Mr. Ko Chun Shun, Johnson, is the Chairman, an executive director and a substantial shareholder of DVN holding in aggregate a 19.82% interest in the issued share capital of DVN as at the Latest Practicable Date. Mr. Ko is also the Chairman, an executive Director and the ultimate controlling shareholder of the Company (as described in note 6 to the shareholding table of DVN as set out above). Accordingly, Mr. Ko is a substantial shareholder of DVN and is a controller (as defined in Chapter 14A of the Listing Rules) of the Company. The Share Swap constitutes a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ko Chun Shun, Johnson is the ultimate controlling shareholder of the Company. He owns the entire issued share capital of Kwan Wing Holdings Limited which in turn owns a 79.5% shareholding interest in Gainhigh Holdings Limited. Gainhigh Holdings Limited holds 270,824,382 Reorient Shares representing approximately 65.81% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Ko, being materially interested in the Share Swap had abstained from voting in the meeting of the Board on the resolution approving the Share Swap Agreement and the transactions contemplated thereunder. Mr. Ko and his Associates, that are interested in, control or are entitled to exercise control in respect of 270,824,382 Reorient Shares representing approximately 65.81% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting at the EGM in respect of the resolution to approve the Share Swap and the transactions contemplated thereunder and the proposed grant of the Specific Mandate to issue the Reorient Swap Shares.

Under Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the independent shareholders' approval at a general meeting of the Company and any controlling shareholders and their Associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective Associates shall abstain from voting in favour of the resolution in connection with the Proposed Refreshment of the General Mandate at the EGM. As at the Latest Practicable Date, Mr. Ko is the controlling Shareholder. Accordingly, Mr. Ko and his Associates, that are interested in, control or are entitled to exercise control in respect of 270,824,382 Reorient Shares representing approximately 65.81% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in favour of the resolution in connection with the Proposed Refreshment of the General Mandate as set out in the notice of the EGM. Mr. Ko and his Associates have indicated that they will not vote against the resolution in relation to the Proposed Refreshment of the General Mandate.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 26 to 27 of this circular which contains its recommendation to the Independent Shareholders on the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate. Your attention is also drawn to the letter from Nuada Limited set out on pages 28 to 41 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate.

The Directors consider that (i) the Share Swap Agreement (including the proposed grant of the Specific Mandate to issue the Reorient Swap Shares) was entered into on normal commercial terms at arm's length and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the Proposed Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommends the Independent Shareholders to vote in favour of the resolutions to approve the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate.

### GENERAL

A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

Your attention is drawn to the additional information set out in the appendix to this circular.

By order of the Board  
**REORIENT GROUP LIMITED**  
**Ko Chun Shun, Johnson**  
*Chairman and Executive Director*



**REORIENT GROUP LIMITED**

**瑞東集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

23 December 2013

*To the Independent Shareholders*

Dear Sirs,

**(1) SHARE SWAP BETWEEN REORIENT GROUP LIMITED AND  
DVN (HOLDINGS) LIMITED – DISCLOSEABLE AND  
CONNECTED TRANSACTION**  
**(2) PROPOSED REFRESHMENT OF  
GENERAL MANDATE TO ISSUE NEW SHARES**

We refer to the circular of the Company dated 23 December 2013 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate. Nuada Limited has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 28 to 41 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate, and the advice of Nuada Limited, in particular the principal factors and reasons set out in its letter, we consider that (i) the terms of the Share Swap Agreement and the transactions contemplated thereunder

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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and the proposed grant of the Specific Mandate to issue the Reorient Swap Shares are fair and reasonable so far as the Company and the Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the Proposed Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Share Swap Agreement and the transactions contemplated thereunder, the proposed grant of the Specific Mandate to issue the Reorient Swap Shares and the Proposed Refreshment of General Mandate.

Yours faithfully,  
**Independent Board Committee**

**Liu Zhengui**  
*Independent*  
*non-executive Director*

**Ding Kebai**  
*Independent*  
*non-executive Director*

**Chu Chung Yue, Howard**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited setting out its opinion regarding (i) the Share Swap; and (ii) the Proposed Refreshment of General Mandate prepared for the purpose of incorporation in this circular.*

### **Nuada Limited**

*Corporate Finance Advisory*

Unit 1805-08, 18/F, New Victory House,  
93-103 Wing Lok Street,  
Sheung Wan, Hong Kong  
香港上環永樂街93-103號  
樹福商業大廈18樓1805-08室

23 December 2013

*To the Independent Board Committee and the Independent Shareholders of  
Reorient Group Limited*

Dear Sirs,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION —  
SHARE SWAP BETWEEN DVN (HOLDINGS) LIMITED AND  
THE COMPANY;  
AND  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ISSUE NEW SHARES**

#### **INTRODUCTION**

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to (i) the Share Swap; and (ii) the Proposed Refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Board’s Letter**”) contained in the circular of the Company dated 23 December 2013 to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 23 November 2013, DVN and the Company entered into the Share Swap Agreement pursuant to which (i) DVN has agreed to subscribe for and the Company has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares (representing approximately 4.3% of the existing issued share capital of the Company as at the date of the Joint Announcement and approximately 4.1% of the enlarged issued share capital of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company as a result of the Share Swap), and in return (ii) the Company has agreed to subscribe for and DVN has agreed to allot and issue to the Company 56,976,571 new DVN Swap Shares (representing approximately 5.0% of the existing issued share capital of DVN as at the date of the Joint Announcement and approximately 4.8% of the enlarged issued share capital of DVN as a result of the Share Swap), subject to the terms and conditions of the Share Swap Agreement. The Reorient Swap Shares will be issued under the Specific Mandate to be approved by the Independent Shareholders.

As disclosed in the Board's Letter, Mr. Ko is a substantial shareholder of DVN and is a controller (as defined in Chapter 14A of the Listing Rules) of the Company. The Share Swap constitutes a discloseable and connected transaction for the Company and is subject to the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Mr. Ko and his Associates, that are interested in, control or are entitled to exercise control in respect of 270,824,382 Reorient Shares, representing approximately 65.81% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolution to approve the Share Swap and the transactions contemplated thereunder including the allotment and issue of the Reorient Swap Shares under the Specific Mandate at the EGM.

Pursuant to Rule 13.36(4) of the Listing Rules, the Proposed Refreshment of General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their Associates, or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive, if any, of the Company and their respective Associates shall abstain from voting in favour of the New General Mandate at the EGM. As at the Latest Practicable Date, Mr. Ko is the controlling Shareholder. Accordingly, Mr. Ko and his Associates will abstain from voting in favour of the resolution in connection with the New General Mandate. As disclosed in the Board's Letter, Mr. Ko and his Associates have indicated that they will not vote against the resolution.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of (i) the Share Swap; and (ii) the Proposed Refreshment of General Mandate. We are appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to give an independent opinion in those regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular and provided to us by the Company and its directors and management, which we have assumed to be true, accurate and complete at the time when they were made and continued to be true, accurate and complete up to the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Board in the Circular were reasonably made after due enquiries and considerations. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have assumed that the information and documents reviewed and relied on by us in formulating our opinions are true, accurate and complete at the time when they were made and continued to be true, accurate and complete up to the date of the EGM.

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Company and its directors and management and the information published by DVN, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the DVN Group. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, relating to the Share Swap. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorizations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Share Swap have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Share Swap.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Share Swap and the Proposed Refreshment of General Mandate. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advices with respect to (i) the Share Swap and (ii) the Proposed Refreshment of General Mandate, we have considered the principal factors and reasons as set out below:

#### **The Share Swap**

##### *Background and reasons for the Share Swap*

The Group is principally engaged in the provision of securities brokerage, securities underwriting and placements, and consultancy and advisory services.

DVN is a company listed on the Main Board of the Stock Exchange. The DVN Group is principally engaged in the provision of advertising agency services and the provision of online financial market information. For reference purpose, (i) according to the annual report 2012 of DVN, for the year ended 31 December 2012, the DVN Group recorded audited net loss of approximately HK\$214.7 million, of which loss of approximately HK\$171.2 million is attributable to discontinued operations and loss of approximately HK\$43.5 million is attributable to continuing operations; and (ii) according to the interim report 2013 of DVN, the DVN Group recorded unaudited net loss of approximately HK\$51.2 million, of which loss of approximately HK\$20.4 million is attributable to discontinued operations and loss of approximately HK\$30.8 million is attributable to continuing operations; and (iii) according to the interim report 2013 of the DVN, the unaudited net assets of the DVN Group amounted to approximately HK\$737.6 million.

On 23 November 2013, DVN entered into a conditional agreement for the acquisition of the entire issued share capital of Frontier Services Limited (which plans to engage in the provision of aviation and logistics services in East Africa) by DVN (the "**DVN Acquisition**"), details of which are set out in the announcement dated 23 November 2013 issued by DVN (the "**DVN Announcement**"). For reference purpose, as disclosed in the DVN Announcement, (i) Frontier Services Limited was newly incorporated on 13

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November 2013 and has not commenced any operation; (ii) Frontier Services Limited plans to engage in the provision of logistics, aviation and risk management services to international companies operating in the natural resources sector in East Africa, leveraging the capabilities of Kijipwa Aviation Limited (which is owned as to 49% by Frontier Services Limited), which holds certain Kenyan licenses and authorizations which enable it to provide air services including commercial air transport, aerial work services, maintenance and other aviation and logistics services; (iii) Frontier Services Limited plans to leverage on the permits and licences held by Kijipwa Aviation Limited and the extensive experience and business relationships of Mr. Erik D. Prince, an investor in the region with activities in East and West Africa; and (iv) Kijipwa Aviation Limited recorded net losses for the year ended 30 April 2012 and the year ended 30 April 2013 respectively.

As disclosed in the Board's Letter, the opportunity for the DVN Acquisition was brought to DVN by the Company's wholly owned subsidiary, Reorient Financial Markets Limited ("RFM"), as DVN's exclusive agent and adviser. Subject to, among other things, approval of the DVN Independent Shareholders, RFM will be granted an option to subscribe for 22,790,628 new DVN Shares at a subscription price of HK\$0.80 each as remuneration for the introduction and financial advisory services.

As disclosed in the Board's Letter, the Company was informed by DVN that, through the DVN Acquisition, DVN is entering into the secured logistics business in Africa by providing secured and safe logistics and transportation services to foreign and local companies which develop and/or operate a resources, infrastructure or manufacturing business in Africa. The Group is, from time to time, mandated in various resources related deals and other opportunities in Africa, which may involve identifying, among other things, potential investors or business partners, etc. for those projects in the region. It is conceivable that these projects with their operations and business activities in the region may potentially require secured logistics services. DVN considers that the Group's opportunistic deals and network may potentially lead to Frontier Services Limited secure new business and revenue, and thus enhance business prospects of DVN. The Group also considers that this may benefit the Group by adding value to its transactions and thus enhance the chance of success of closing the related transactions. DVN may use the Group's various professional services to facilitate DVN's business development and transactions in the future, including business referrals between the Group and the DVN Group, subject to separate engagements to be agreed by both parties from time to time. The Group is exploring with the DVN Group some acquisition opportunities, but no formal negotiations have yet commenced. The Company and DVN will from time to time exchange business ideas and explore cooperation opportunities and referrals.

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As disclosed in the Board's Letter, the Company has considered the recent track record of the DVN Group regarding its operating loss when decided to enter into the Share Swap Agreement. The Company is of the view that the market price of DVN Shares has likely reflected the track record of the DVN Group and the DVN Acquisition will provide DVN with a new potential growth. The Share Swap will also help establish the strategic relationship between the Group and the DVN Group by potential business referrals in particular those relating to resources opportunity in Africa.

Set out below is the performance share price of DVN for the past six months immediate prior to the Share Swap Agreement and up to the Latest Practicable Date (i.e. 24 May 2013 to 19 December 2013) (the "Review Period") for reference.



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

During the Review Period, the lowest closing prices per DVN Share were HK\$0.395 on 3 July 2013 and highest closing price per DVN Share was HK\$1.30 on 9 December 2013. It showed that the share price of DVN has been traded with a general upward trend during the Review Period. The trading price of DVN Share has been continued to record an upward trend since 15 October 2013. Also, the closing price per DVN Share were above the DVN Implied Price (as defined below) since the publication of the announcements in relation to the DVN Acquisition and the Share Swap dated 23 November 2013 and at once surged to HK\$1.30 on 9 December 2013.

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Immediately upon completion of the Share Swap, the Company would be interested in approximately 4.8% of DVN, assuming no DVN Shares other than the DVN Swap Shares are issued after the Latest Practicable Date. As disclosed in the Board's Letter, the Group's investment in the DVN Swap Shares, when allotted and issued to the Company, will be booked as financial assets in the financial statements of the Company. Save for the above business potential, the Group would also benefit from any future dividends and distributions declared by DVN and appreciation in share price (if any). Accordingly, the Board is of the view that the Share Swap Agreement was entered into on normal commercial terms at arm's length and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Notwithstanding the loss record of the DVN Group for the year ended 31 December 2012 and the six months ended 30 June 2013, and the unproven track record of Frontier Services Limited and the loss record of Kijipwa Aviation Limited, taking into account (i) the reasons for the Share Swap as detailed above, including the Share Swap will help establish the strategic relationship between the Group and the DVN Group by potential business referrals in particular those relating to resources opportunity in Africa; (ii) the Group's 4.8% interests in DVN immediately upon completion of the Share Swap, assuming no DVN Share other the DVN Swap Shares are issued, will be booked as financial assets in the financial statements of the Company; (iii) the Group would also benefit from any future dividends and distributions declared by DVN and appreciation in share price (if any); and (iv) the general upward trend of the share price of the DVN Shares during the Review Period, we consider that the Share Swap would provide an opportunity for the Group to invest in DVN with no cash outlay, other than the expenses incurred in relation to the Share Swap, thus capturing any possible upside of the market price of the DVN Shares which might be anticipated with the potential opportunities in the DVN Group's future business development, though the Independent Shareholders should be aware of the fact that the market price of the DVN Shares is subject to fluctuations from time to time and gain on investment in DVN is not ascertained. We, however, would like to emphasize that our advice herein does not in any manner constitutes forecasts regarding the business prospects of the DVN Group nor the market price of the DVN Shares.

### *Principal terms of the Share Swap*

Pursuant to the Share Swap Agreement, (i) DVN has agreed to subscribe for and the Company has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares; and (ii) the Company has agreed to subscribe for and DVN has agreed to allot and issue to the Company 56,976,571 new DVN Swap Shares.

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Based on the closing price of Reorient Shares as of the Last Trading Day of HK\$2.4 per Reorient Share, the total market value of the new Reorient Swap Shares amounted to approximately HK\$42.7 million. Based on the closing price of the DVN Shares as of the Last Trading Day of HK\$0.75 per DVN Share, the total market value of the new DVN Swap Shares amounted to approximately HK\$42.7 million. Accordingly, the total market values of the new Reorient Swap Shares and the new DVN Swap Shares are approximately identical based on the respective closing price of the Reorient Shares and the DVN Shares on the Last Trading Day, being the date of the Share Swap Agreement.

Based on the closing price of the DVN Shares on the Last Trading Day, the implied issue price of each new Reorient Swap Share is HK\$2.40 (the “**Reorient Implied Price**”), which equals the closing price of a Reorient Share as at the Last Trading Day. For reference purpose, the Reorient Implied Price (i) equals to the average closing price of HK\$2.40 per Reorient Share for the five consecutive trading days up to and including the Last Trading Day; (ii) represents a discount of approximately 1.64% to the average closing price of HK\$2.44 per Reorient Share for the 10 consecutive trading days up to and including the Last Trading Day; and (iii) represents the closing price of HK\$2.40 per Reorient Share as at the Latest Practicable Date.

Based on the closing price of the Reorient Shares on the Last Trading Day, the implied issued price of each new DVN Swap Share is HK\$0.75 (the “**DVN Implied Price**”), which equals the closing price of a DVN Share as at the Last Trading Day. For reference purpose, the DVN Implied Price represents (i) a premium of approximately 3.88% over the average closing price of HK\$0.722 per DVN Shares for the five consecutive trading days up to and including the Last Trading Day; (ii) a premium of approximately 4.75% over the average closing price of HK\$0.716 per DVN Share for the 10 consecutive trading days up to and including the Last Trading Day; and (iii) represents a discount of approximately 35.34% to the closing price of HK\$1.16 per DVN Share as at the Latest Practicable Date.

Given the shares of the Company and DVN are both listed on the Stock Exchange, we consider that it is fair and reasonable for the parties to determine the terms of the Share Swap with reference to the market value of their respective shares on the date of the Share Swap Agreement. Given (i) the total market values of the new Reorient Swap Shares and the new DVN Swap Shares are approximately identical based on the respective closing price of the Reorient Shares and the DVN Shares on the Last Trading Day, being the date of the Share Swap Agreement; and (ii) the Implied Reorient Price equals to the closing price of a Reorient Share whereas the Implied DVN Price equals to the closing price of a DVN Share as at the Last Trading Day, we consider that the terms of the Share Swap are on normal commercial terms and fair and reasonable.

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### *Dilution on the existing shareholdings of the Company*

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the new Reorient Swap Shares and assuming no further new Reorient Shares will be allotted and issued (for illustrative purpose only):

	<b>As at the Latest Practicable Date</b>		<b>Immediately after the allotment and issue of the new Reorient Swap Shares and assuming no further new Reorient Shares will be allotted and issued</b>	
	<i>Number of shares</i>	<i>(approx.) %</i>	<i>Number of shares</i>	<i>(approx.) %</i>
Gainhigh Holdings Limited	270,824,382	65.8	270,824,382	63.1
DVN	—	—	17,805,178	4.1
Existing public Shareholders	<u>140,670,145</u>	<u>34.2</u>	<u>140,670,145</u>	<u>32.8</u>
Total	<u><u>411,494,527</u></u>	<u><u>100.0</u></u>	<u><u>429,299,705</u></u>	<u><u>100.0</u></u>

As illustrated above, the shareholdings of Gainhigh Holdings Limited (being the existing controlling Shareholder) would be decreased from 65.8% as at the Latest Practicable Date to 63.1% immediately after completion of the Share Swap, while aggregate shareholdings of existing public Shareholders would be decreased from 34.2% as at the Latest Practicable Date to 32.8% immediately after completion of the Share Swap.

Notwithstanding the dilution on the existing shareholdings of the Company as a result of the Share Swap, taking into account (i) the shareholdings of all existing Shareholders would be diluted proportionately; (ii) the Share Swap would provide an opportunity for the Group to invest in DVN with no cash outlay, other than the expenses incurred in relation to the Share Swap, capturing any possible upside of the market price of the DVN Shares which might be anticipated with the potential opportunities in the DVN Group's future business development as detailed in the section headed "Background and reasons for the Share Swap" above, though the Independent Shareholders should be aware of the fact that the market price of the DVN Shares is subject to fluctuations from time to time and gain on investment in DVN is not ascertained; and (iii) the fairness and reasonableness of the terms of the Share Swap as detailed in the section headed "Principal terms of the Share Swap" above, we consider that the Share Swap, which is not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

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### **The Proposed Refreshment of General Mandate**

#### ***Background***

At the annual general meeting of the Company on 22 April 2013, the Directors were granted the Existing General Mandate to allot and issue up to 76,898,905 Shares, representing 20% of the issued share capital of the Company as at the date of the annual general meeting. From the period from the granting of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilized as to 27,000,000 Shares relating to the top-up share placement announced by the Company on 6 June 2013 (the “**Top-up Placing**”), representing approximately 35% of the Existing General Mandate.

As at the Latest Practicable Date, there were 411,494,527 Shares in issue. If the Proposed Refreshment of General Mandate is approved and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed to allot and issue up to 82,298,905 new Shares under the New General Mandate.

#### ***Reasons for the Proposed Refreshment of the General Mandate***

As advised by the Company, as approximately 35% of the Existing General Mandate has been utilized, in order to maintain the financial flexibility necessary for the Group’s future business development, the Directors propose to seek the approval of the Independent Shareholders at the EGM for the Proposed Refreshment of the General Mandate.

#### ***Business of the Group***

The Group is principally engaged in the provision of securities brokerage, securities underwriting and placements, and consultancy and advisory services.

Reference is made to the interim report 2013 (the “**Interim Report**”) of the Company. For the six months ended 30 June 2013, the Group recorded an unaudited turnover of approximately HK\$27.2 million (of which approximately HK\$23.7 million is attributable to securities brokerage, approximately HK\$0.3 million is attributable to securities placing and underwriting and approximately HK\$3.2 million is attributable to consultancy and advisory) and the unaudited loss for the six month period of approximately HK\$46.1 million. As at 30 June 2013, the Group had unaudited net assets of approximately HK\$202.2 million, comprising total assets of approximately HK\$541.9 million, with current assets amounting to approximately HK\$500.3 million (including cash and bank balances of approximately HK\$153.1 million), and total liabilities of approximately

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HK\$339.7 million, all of which are current liabilities (being accounts payables, accrued expenses and other payables). For the six months ended 30 June 2013, the Group recorded net cash used in operating activities of approximately HK\$42.9 million and net cash used in investing activities of approximately HK\$35.4 million.

As advised by the Company, the equity financing through the use of the New General Mandate would provide the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises. Besides, the New General Mandate will provide the Company with (i) greater flexibility to raise funds for the purposes of, among other things, funding the Group's business expansion plan and/or future business opportunities; and (ii) more financing options, where appropriate, when assessing and/or negotiating potential investments.

Taking into account the nature of the Group's principal businesses in the provision of securities brokerage, securities underwriting and placements, and consultancy and advisory services, we consider that the New General Mandate would provide the Company with the financial flexibility through equity financing for supporting the development of its core businesses including brokerage, corporate finance and direct investments, as well as the capability to capture any capital raising or prospective investment opportunity as and when it arises.

### *Equity fund raising activities in the past twelve months*

Save for the Top-up Placing, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date. The net proceeds of the Top-up Placing amounted to approximately HK\$82 million. The net proceeds have been applied for general funding and support the development of the core business of the Group. As disclosed in the Board's Letter, part of the net proceeds of approximately HK\$50 million had been used for the general funding and supporting the development of the Group's core businesses and the Company intends to use the remaining net proceeds for the intended use. The remaining proceeds of approximately HK\$32 million were kept in the Company's bank accounts. Accordingly, the net proceeds from the Top-up Placing have been utilized as to 61% and it has been used as intended.

Notwithstanding the Company currently does not have any concrete plan to utilize the New General Mandate as at the Latest Practicable Date and there will be dilution impact to the existing Shareholders from the issue of additional Shares under the New General Mandate, the Directors consider that the New General Mandate would offer the Board necessary continual flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Board or as working capital of the Group for the



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Company to raise funds for its future business development and/or opportunities which may be identified by the Company through equity financing and/or to issue new Shares and/or other securities carrying rights allowing its holders to subscribe for new Shares or convert the securities into new Shares as consideration for any acquisition. Given that equity financing (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issues or open offers; (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises; (iv) out of the net proceeds from the Top-up Placing of approximately HK\$82 million, approximately 61% (i.e. approximately HK\$50 million) of the net proceeds has been utilised; the Board is of the view the New General Mandate will enable the Company to have the flexibility to plan for its business development depending on the market conditions and opportunities which may arise from time to time; and (v) the Existing General Mandate has been partially utilized, we are of the opinion that the New General Mandate is in the interests of the Company and the Shareholders as a whole.

### **Other financing alternative**

The Board considers equity financing to be an important avenue of resources for the Group since it (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issues or open offers; and (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises. The Board also considers that the New General Mandate will provide the Company with (i) greater flexibility to raise funds for the purposes of, among other things, funding the Group's business expansion plan and/or future business opportunities; (ii) more financing options, where appropriate, when assessing and/or negotiating potential investments, the Directors are of the view that the New General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

In appropriate circumstances, the Group may also consider other financing methods such as debt financing or internal cash resources to fund its business operations, future investment and/or business development. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for business operations and/or expansion of the Group, or possible investment opportunities that may be identified by the Company, in the future. In addition, debt financing may incur interest burden on the Group and it may subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position, capital structure and the financial market condition at that time.

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We consider that the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity financing. As such, we are of the view that the New General Mandate will be in the interests of the Company and the Shareholders as a whole. We also consider it is prudent and reasonable for the Group to maintain a strong capital base while additional funding may be needed for investment and business expansion purposes from time to time. We are of the view that the New General Mandate could provide the Company with a flexible financing option to raise additional capital for any future needs or as working capital of the Group and therefore is fair and reasonable.

### POTENTIAL DILUTION TO SHAREHOLDINGS OF THE PUBLIC SHAREHOLDERS

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date, and, for illustrative purpose, the potential dilution effect upon full utilization of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company:

	<b>As at the Latest Practicable Date</b>		<b>Upon full utilization of the New General Mandate</b>	
	<i>Number of shares</i>	<i>(approx.) %</i>	<i>Number of shares</i>	<i>(approx.) %</i>
Gainhigh Holdings Limited	270,824,382	65.8	270,824,382	54.8
Existing public Shareholders	140,670,145	34.2	140,670,145	28.5
Maximum number of new Shares to be issued under the New General Mandate	—	—	82,298,905	16.7
Total	<u>411,494,527</u>	<u>100.0</u>	<u>493,793,432</u>	<u>100.0</u>

As illustrated in the table above, the aggregate shareholding of the existing public Shareholders will decrease from approximately 34.2% as at the Latest Practicable Date to approximately 28.5% upon full utilization of the New General Mandate, assuming no other Shares are issued and/or repurchased by the Company. Such potential dilution to the shareholdings of the existing public Shareholders and existing Shareholders represent dilution of approximately 5.70 percentage point and approximately 16.7 percentage point respectively.

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Taking into account the benefits of the Proposed Refreshment of General Mandate as discussed above, the grant of the New General Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the New General Mandate; (ii) would provide more options of financing to the Group for further development of its business as well as in other potential future investment as and when such opportunities; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution of shareholdings to be fair and reasonable.

### RECOMMENDATION

Given the principal factors and reasons mentioned above, we consider that (i) the Share Swap, which is not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole, and the terms of the Share Swap are on a normal commercial terms and fair and reasonable; and (ii) the Refreshment of the General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve (i) the Share Swap Agreement and the transactions contemplated thereunder including the allotment and issue of the Reorient Swap Shares under the Specific Mandate; and (ii) the Refreshment of the General Mandate.

Yours faithfully,

For and on behalf of

**Nuada Limited**

**Kevin Tang**

*Associate Director and Responsible Officer*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the issue and allotment of the 17,805,178 new Shares pursuant to the Share Swap (subject to the Independent Shareholders' approval and for illustrative purposes only) will be as follows:

### (i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>20,000,000.00</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>411,494,527</u> Shares	<u>4,114,945.27</u>

### (ii) Immediately following the issue and allotment of 17,805,178 new Shares pursuant to the Share Swap (subject to the Independent Shareholders' approval) (for illustrative purposes only)

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>20,000,000.00</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
411,494,527 Shares	4,114,945.27
17,805,178 Shares to be allotted and issued pursuant to the Share Swap	178,051.78
<u>429,299,705</u> Shares	<u>4,292,997.05</u>

## 3. DISCLOSURE OF INTERESTS

## (a) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”), were as follows:

Name of Director	Nature of interest	Number of Shares held	
		Long position	Percentage of shareholding
Mr. Ko Chun Shun, Johnson	Held by controlled corporations	270,824,382	65.81%

*Note:* Mr. Ko Chun Shun, Johnson, the Chairman and an executive Director of the Company, was interested in 270,824,382 shares of the Company through Gainhigh Holdings Limited. 79.5% of the issued share capital of Gainhigh Holdings Limited was held by Kwan Wing Holdings Limited, a company wholly-owned by Mr. Ko. Accordingly, Mr. Ko and Kwan Wing Holdings Limited are deemed to be interested in the Shares which Gainhigh Holdings Limited is interested in. Mr. Ko is the director of both Gainhigh Holdings Limited and Kwan Wing Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or the Model Code, or which were required to be entered on the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required to be disclosed herein pursuant to the Takeovers Code or the Model Code.

**(b) Interests of substantial shareholders**

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors and the chief executive of the Company, the following corporations (not being a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held (long position)</b>	<b>Approximate % of the issued share capital</b>
<b>Shares</b>			
Mr. Ko Chun Shun, Johnson ( <i>Note 1</i> )	Held by controlled corporation	270,824,382	65.81%
Kwan Wing Holdings Limited ( <i>Note 1</i> )	Held by controlled corporation	270,824,382	65.81%
Gainhigh Holdings Limited ( <i>Note 1</i> )	Beneficial owner	270,824,382	65.81%
Shaw David Elliot ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw Valence Portfolios, L.L.C. ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw Composite Portfolios, L.L.C. ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw & Co., Inc ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw & Co., L.P. ( <i>Note 2</i> )	Investment manager	35,000,000	8.51%

Name of shareholder	Nature of interest	Number of shares held (long position)	Approximate % of the issued share capital
<b>Shares</b>			
D. E. Shaw & Co., L.L.C ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw & Co. II, Inc ( <i>Note 2</i> )	Held by controlled corporation	35,000,000	8.51%
D. E. Shaw & Co. (Asia Pacific) Limited ( <i>Note 2</i> )	Investment manager	35,000,000	8.51%

*Notes:*

1. Mr. Ko Chun Shun, Johnson, the Chairman and an executive director of the Company, was interested in 270,824,382 shares of the Company through Gainhigh Holdings Limited. 79.5% of the issued share capital of Gainhigh Holdings Limited was held by Kwan Wing Holdings Limited, a company wholly-owned by Mr. Ko. Accordingly, Mr. Ko and Kwan Wing Holdings Limited are deemed to be interested in the Shares which Gainhigh Holdings Limited is interested in. Mr. Ko is the director of both Gainhigh Holdings Limited and Kwan Wing Holdings Limited.
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 35,000,000 Shares by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or the chief executive of the Company or his associates or a member of the Group) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who has, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or had any options in respect of such capital.

#### 4. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, save as disclosed in the Letter from the Board in this circular, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Company subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**5. INTEREST IN ASSETS**

As at the Latest Practicable Date, none of the Directors or expert as referred to in this circular had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors or their respective Associates had any interest in any company or business which competes or may compete, directly or indirectly, with the businesses of the Group.

**6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors have entered, or proposed to be entered, into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Nuada Limited	a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Nuada Limited has not had any shareholding interest in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

Nuada Limited has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and reference to their names, as the case may be, in the form and context in which they respectively appear.



**8. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no material litigation or claim of material importance was pending or threatened against any member of the Group.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any weekday (except Saturday and public holiday) at the office of the Company at Suites 1101-1103, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the Share Swap Agreement;
- (c) the agreement dated 4 November 2013 and the supplemental agreement dated 23 November 2013 entered into between DVN and REORIENT Financial Markets Limited, a wholly owned subsidiary of the Company, in respect of the introduction of the DVN Acquisition opportunity to DVN and the related financial advisory services provided by REORIENT Financial Markets Limited to DVN;
- (d) the letter from Nuada Limited, the text of which is set out on pages 28 to 41 of this circular;
- (e) the written consent from Nuada Limited referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (f) the annual reports of the Company for each of the year ended 31 December 2011 and 2012 and the interim report of the Company for the six months ended 30 June 2013.

**10. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group was made up.

**11. MISCELLANEOUS**

The English version of this circular and form of proxy shall prevail over the Chinese text in case of inconsistency.



**REORIENT GROUP LIMITED**

**瑞東集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 376)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of **REORIENT GROUP LIMITED** (the “Company”) will be held at Suites 1101-1103, 11/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 10 January 2014, Friday at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

**ORDINARY RESOLUTIONS**

1. **“THAT:**

- (a) the share swap agreement dated 23 November 2013 (the “Share Swap Agreement”) entered into between the Company and DVN (Holdings) Limited (“DVN”), pursuant to which (i) DVN has agreed to subscribe for and the Company has agreed to allot and issue to DVN 17,805,178 new ordinary shares of the Company of HK\$0.01 each in the capital of the Company (the “Reorient Swap Shares”); and (ii) the Company has agreed to subscribe for and DVN has agreed to allot and issue to the Company 56,976,571 new ordinary shares of DVN of HK\$0.10 each in the capital of DVN, subject to the terms and conditions of the Share Swap Agreement, details of the Share Swap Agreement are set out in the circular of the Company dated 23 December 2013 (the “Circular”) (copies of the Share Swap Agreement and the Circular having been produced to the meeting marked “A” and “B” respectively and initialed for the purposes of identification by the chairman of the meeting) and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Reorient Swap Shares, the directors of the Company be and are hereby generally and unconditionally authorised to allot and issue such number of Reorient Swap Shares which will be issued pursuant to the Share Swap

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## NOTICE OF THE EGM

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Agreement, and that the Reorient Swap Shares, when allotted and issued, shall rank pari passu in all respects with all other ordinary shares of HK\$0.01 each in the capital of the Company in issue as at the date of such issue and allotment; and

- (c) any one director of the Company be and is hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company by hand, or in case of execution of documents under seal, to do so jointly with any of a second director, a duly authorized representative of the director or the secretary of the Company and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the transactions under the Share Swap Agreement.”

2. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue, or (ii) the exercise of any options granted under the share option scheme of the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the memorandum and articles of association of the Company, shall not exceed the aggregate of 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

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## NOTICE OF THE EGM

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by memorandum and articles of association of the Company or any applicable laws of Hong Kong to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in a general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

By order of the board  
**REORIENT GROUP LIMITED**  
**Jim Pak Keung, Patrick**  
*Company Secretary*

Hong Kong, 23 December 2013

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy in the prescribed form together with a power of attorney or other authority (if any) under which it is signed must be deposited at the Company’s share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding of the meeting.
3. As at the date hereof, the board of directors of the Company comprises Mr. Ko Chun Shun, Johnson (Chairman), Mr. Jason Boyer (Vice Chairman), Mr. Brett McGonegal (Chief Executive Officer), Mr. Chen Shengjie, Mr. Tsoi Tong Hoo, Tony and Ms. Ko Wing Yan, Samantha (each of whom is an executive director of the Company) and Mr. Liu Zhengui, Mr. Ding Kebai and Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (each of whom is an independent non-executive director of the Company).