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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 your stockbroker or other registered dealer in securities, 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 and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MAJOR TRANSACTION
RELATING TO
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

A letter from the Board is set out on pages 4 to 13 of this circular.

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DEFINITIONS

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

“Amended and Restated Joint Venture Agreement”	the amended and restated joint venture agreement dated 13 April 2016 entered into among Reorient Financial Markets, Dr. Herbs Electronics and Jiangsu Co. in relation to the establishment of the JV Company
“Board”	the board of Directors
“Company”	Reorient Group Limited, a company incorporated in Hong Kong, the issued shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Dr. Herbs Electronics”	Hangzhou Dr. Herbs Electronics Commerce Company Limited* (杭州禾博士電子商務有限公司), one of the JV Partners
“First Announcement”	the announcement dated 4 February 2016 issued by the Company in relation to the Joint Venture Agreement
“Giant”	Giant Investment Co., Ltd.* (巨人投資有限公司), one of the former joint venture partners under the Joint Venture Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jade Passion” or “Controlling Shareholder”	Jade Passion Limited, the controlling shareholder of the Company
“Jiangsu Co”	Jiangsu YuWell Technology Development Co., Ltd.* (江蘇魚躍科技發展有限公司), one of the JV Partners

DEFINITIONS

“Joint Venture Agreement”	the joint venture agreement dated 4 February 2016 entered into among Reorient Financial Markets, Giant and Jiangsu Co in relation to the establishment of the JV Company, which was superseded and replaced by the Amended and Restated Joint Venture Agreement
“JV Company”	Yunfeng Securities Co., Ltd.* 雲鋒證券股份有限公司, a company limited by shares to be incorporated under the laws of the PRC pursuant to the Amended and Restated Joint Venture Agreement
“JV Partners”	Dr. Herbs Electronics and Jiangsu Co
“Latest Practicable Date”	26 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“PRC”	the People’s Republic of China
“Reorient Financial Markets”	Reorient Financial Markets Limited (瑞東金融市場有限公司), a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Announcement”	the announcement dated 13 April 2016 issued by the Company in relation to the Supplemental Agreement and the Amended and Restated Joint Venture Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Circular”	the circular dated 18 August 2015 issued by the Company, in connection with, the subscription of new shares, application for whitewash waiver and notice of extraordinary general meeting
“Subscription Transaction”	the subscription for new shares in the Company by Yunfeng Financial Holdings Limited, Gentle Bright Development Limited, Violet Passion Holdings Limited, Harbour Yields Limited and Chosen Global Holdings Limited, as further described in the Subscription Circular
“Supplemental Agreement”	the supplemental agreement dated 12 April 2016 entered into among Reorient Financial Markets, Giant and Jiangsu Co, pursuant to which the rights and obligations of Giant under the Joint Venture Agreement were novated to Dr. Herbs Electronics
“Total Investment Amount”	the total aggregate investment amount of all due parties to the Amended and Restated Joint Venture Agreement in respect of the establishment of the JV Company as set out in the Amended and Restated Joint Venture Agreement
“Transaction”	the entering into of the Amended and Restated Joint Venture Agreement and the transactions contemplated thereunder
“Written Approval”	the written approval of the Amended and Restated Joint Venture Agreement by Jade Passion dated 11 April 2016
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



REORIENT GROUP LIMITED

瑞東集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

Chairman:

Mr. Yu Feng (*Non-executive Director*)

Executive Directors:

Ms. Li Ting (*Chief Executive Officer*)

Mr. Huang Xin

Non-executive Directors:

Mr. Ko Chun Shun, Johnson

Ms. Hai, Olivia Ou

Mr. Huang Youlong

Independent non-executive Directors:

Mr. Lin Lijun

Mr. Qi Daqing

Mr. Chu Chung Yue, Howard

Dr. Wong Yau Kar, David, BBS, JP

Registered Office:

Suites 3201-3204,
One Exchange Square,
8 Connaught Place,
Hong Kong

29 April 2016

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
RELATING TO
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

INTRODUCTION

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

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Reference is also made to the First Announcement whereby the Company announced that on 4 February 2016 (after trading hours), Reorient Financial Markets entered into a Joint Venture Agreement with Giant and Jiangsu Co.

Reference is also made to the Second Announcement whereby the Company announced that (i) on 12 April 2016, Reorient Financial Markets, Giant and Jiangsu Co entered into a Supplemental Agreement whereby the parties agreed that Giant shall novate its rights and obligations as the joint venture partner of the JV Company to Dr. Herbs Electronics; and (ii) on 13 April 2016, Reorient Financial Markets, Dr. Herbs Electronics and Jiangsu Co entered into an Amended and Restated Joint Venture Agreement in relation to the establishment of the JV Company. Pursuant to the Amended and Restated Joint Venture Agreement, the registered capital of the JV Company shall be increased to RMB3,000,000,000, replacing the original registered capital of RMB1,000,000,000 as set out in the Joint Venture Agreement.

As a result of entering into the Supplemental Agreement and the Amended and Restated Joint Venture Agreement amongst the parties, as advised by our PRC counsel, (i) the Joint Venture Agreement shall be substituted by the Amended and Restated Joint Venture Agreement; and (ii) Dr. Herbs Electronics shall replace Giant and assume its respective rights and obligations as a joint venture partner under the Amended and Restated Joint Venture Agreement in relation to the establishment of the JV Company.

THE AMENDED AND RESTATED JOINT VENTURE AGREEMENT

The Amended and Restated Joint Venture Agreement contains identical terms and conditions as set out in the Joint Venture Agreement. The material terms of the Amended and Restated Joint Venture Agreement are summarised as below:

Date: 13 April 2016

Parties:

- (1) Reorient Financial Markets;
- (2) Dr. Herbs Electronics; and
- (3) Jiangsu Co.

As at the Latest Practicable Date, Dr. Herbs Electronics was held as to 99.62% by Shanghai Giant Venture Capital Co., Ltd (上海巨人創業投資有限公司) (“**Shanghai Giant Venture**”). Mr. Shi Yuzhu has an effective shareholding of 88.57% in Shanghai Giant Venture through his direct interest and indirect interest (through his controlled corporations) in Shanghai Giant Venture. As at the Latest Practicable Date, Mr. Shi Yuzhu, indirectly holds 1.5% in Jade Passion and has an effective shareholding of 0.84% in the Company. Save as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Giant and Jiangsu Co and their respective

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ultimate beneficial owner(s) are third parties independent of the Company and any connected person (as defined in the Listing Rules) of the Company and are not connected persons of the Company.

The Amended and Restated Joint Venture Agreement sets out the rights and obligations of each of Reorient Financial Markets and the JV Partners, which have been simultaneously incorporated in the articles of the JV Company. The Amended and Restated Joint Venture Agreement shall be regarded as the shareholders agreement amongst the parties in connection with the establishment of the JV Company.

Shareholding Structure and Capital Contribution

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

- i. the Total Investment Amount for the establishment of the JV Company shall be RMB3,000,000,000;
- ii. upon establishment, the JV Company shall have a registered capital of RMB3,000,000,000, which shall be contributed by Reorient Financial Markets, Dr. Herbs Electronics and Jiangsu Co as to RMB1,290,000,000, RMB900,000,000 and RMB810,000,000, respectively. The JV Company will be held as to 43% by Reorient Financial Markets, 30% by Dr. Herbs Electronics and 27% by Jiangsu Co;
- iii. upon completion of the first capital injection above, the registered capital of the JV Company may be increased from time to time in an amount unanimously agreed amongst Reorient Financial Markets, Dr. Herbs Electronics and Jiangsu Co, subject to the approval(s) by the relevant regulatory authority; and
- iv. the JV Company is expected to become a full-licensed securities company permitted to provide regulated securities related services (subject to the conditions imposed by China Securities Regulatory Commission and the relevant regulatory authorities and the approval(s) of the relevant regulatory authorities), including but not limited to, securities brokerage, securities trading and securities investment consultation, underwriting and sponsorship in securities, securities and asset management, and securities dealing services in mainland China.

The amount of capital contributions was determined after arm's length negotiation between the parties to the Amended and Restated Joint Venture Agreement with reference to the initial capital requirement of the JV Company and the capital contribution intentions of the parties. Reorient Financial Markets' capital investment of RMB1,290,000,000 will be funded by the internal resources of the Group.

LETTER FROM THE BOARD

Profit Sharing

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

Restrictions

Each of the Reorient Financial Markets, Dr. Herbs Electronics and Jiangsu Co shall not:

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

Right of first refusal

Unless otherwise agreed by the parties to the Amended and Restated Joint Venture Agreement, in the event of an increase of the registered capital of the JV Company, the parties shall have the right of first refusal in accordance with their equity interest in the JV Company. If any party to the Amended and Restated Joint Venture Agreement does not exercise its right of first refusal, subject to the applicable laws and regulations and other requirements under the articles of association of the JV Company, the other parties shall have the right to acquire the equity interest under such right of first refusal in accordance with their equity interest in the JV Company.

In the event that Reorient Financial Markets is prohibited by any applicable laws to exercise its right of first refusal to acquire further equity interest in the JV Company, Reorient Financial Markets may designate one or more third party(ies) to acquire such equity interest in the JV Company, provided that the aggregate percentage of the equity interest held by Reorient Financial Markets and such third party(ies) is in compliance with the applicable laws or regulations as imposed by the China Securities Regulatory Commission.

LETTER FROM THE BOARD

Shareholders' approval requirements on specific matters

Pursuant to the Amended and Restated Joint Venture Agreement and the articles of association of the JV Company, the following matters requires passing of a special resolution by two-third majority of the shareholders of the JV Company (or their duly authorised representatives) attending the relevant shareholders meeting:

- (i) increase or reduction of the registered capital of the JV Company;
- (ii) the amendments to the articles of associations of the JV Company (including but not limited to the change of name, registered address and the business scope of the JV Company); or
- (iii) any merger, reorganization or restructuring of the business of the JV Company, the sale, transfer or disposal of all or substantial part of the assets of the JV Company, or the spin-off or material change in the business form of the JV Company, dissolution or winding-up of the JV Company.

Management of the JV Company

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

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

EFFECT OF THE TRANSACTION ON THE GROUP'S EARNINGS AND ASSETS AND LIABILITIES

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

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

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

As previously disclosed by the Company in the Subscription Circular, following completion of the Subscription Transaction, a significant portion of the proceeds from the Subscription Transaction may be used by the Company for the purpose of expansion of the Company's financial services businesses into markets outside Hong Kong, including mainland China by either acquiring or investing into existing licensed entities or applying for appropriate licensed in order to develop the capability to provide cross-border financial products and services to better service the needs of the Group's customers. As previously disclosed by the Company in the Subscription Circular, the Company plans to develop its technology-based financial services ecosystem and platform. In connection with the future expansion of business through the JV Company, the Company recognises the need to upgrade its information technology infrastructure and to expand into markets outside Hong Kong, by potentially acquiring or investing into opportunities to permit cross-border financial product offering. The Company expects the integration and development the technology-based financial services ecosystem platform with the help from the JV Partners, being pre-eminent operators of their respective lines of technology-intensive products and services business, will further facilitate the future development of the business of the JV Company.

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

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

LETTER FROM THE BOARD

The Group believes its participation in the establishment and operation of the JV Company, on the JV Company being approved by the China Securities Regulatory Commission to be a full-licensed securities company in China, shall provide significant competitive advantages to the financial services businesses platform of the Group. The parties to the Amended and Restated Joint Venture Agreement intend to operate the JV Company as a fully-licensed operating entity to provide regulated securities related services (subject to the conditions imposed by China Securities Regulatory Commission and the relevant regulatory authorities and the approval(s) of the relevant regulatory authorities), including but not limited to, securities brokerage, securities trading and securities investment consultation, underwriting and sponsorship in securities, securities and assets management, and securities dealing. The parties to the Amended and Restated Joint Venture Agreement do not intend to establish the JV Company as an investment holding company.

The Company considers that the formation of the JV Company represents an invaluable business opportunity for the Group to establish a financial services platform in the PRC which is in line with the longterm strategic development of the Group. Pursuant to the Amended and Restated Joint Venture Agreement, (i) Reorient Financial Markets is committed to contribute 43% of the registered capital of the JV Company and will be entitled to profit sharing proportional to its equity contribution; (ii) Reorient Financial Markets has veto right at shareholders meetings on important matters as disclosed in section headed “Shareholders’ approval requirements on specific matters” in this circular; and (ii) Reorient Financial Markets will have control over the majority of the board of directors of the JV Company. The Company wishes to reiterate that, despite the less than majority shareholding (43%) proposed to be held by the Company in the JV Company, Reorient Financial Markets pursuant to the Amended and Restated Joint Venture Agreement is entitled to nominate 5 out of 7 directors at the board of the JV Company, which allows the Company (through Reorient Financial Markets) having a very favourable level of control over the conduct and operation of the business of the JV Company.

The Company considers that the opportunity for the Company to enter into the proposed joint venture arrangement was brought about as a result of the long-standing relationships that Giant and Yowell-Jiangsu Yuyue Group (“**Yuyue**”), and their respective founders, have respectively had with Yunfeng Capital, the asset management business of the Yunfeng Group, which, in turn, is under common control with Reorient Group. In reaching the decision to enter into the proposed cooperation with Giant and Yuyue, the Company has considered the objective successes of the two JV Partners as business operators and as technologically advanced product innovators. Giant and Yuyue are both significant corporate groups in the People’s Republic of China, and their respective founders are well-known and successful entrepreneurs in their own rights. For details of the background of the JV Partners, please refer to the section headed “Information about the JV Partners” of this circular.

LETTER FROM THE BOARD

RECOMMENDATION

Having considered the above, together with the shareholders' protection rights as provided for in the Amended and Restated Joint Venture Agreement, the Directors (including the independent non-executive Directors) consider that the investment in the JV Company by Reorient Financial Markets has been made on normal commercial terms and conditions, and that such terms and conditions are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Transaction if it had been necessary to hold a general meeting for such purpose.

INFORMATION ON THE JV COMPANY

The JV Company is a limited liability company to be established in the PRC, which be owned as to 43% by Reorient Financial Markets, 30% by Dr. Herbs Electronics and 27% by Jiangsu Co. According to the articles of association of the JV Company, the proposed principal activities of the JV Company shall include provision of regulated securities related services (subject to the conditions imposed by China Securities Regulatory Commission and the relevant regulatory authorities and the approval(s) of the relevant regulatory authorities) including but not limited to, securities brokerage, securities trading and securities investment consultation, underwriting and sponsorship in securities, securities and assets management, and securities dealing. The parties may from time to time, by way of board resolutions of the JV Company and subject to the regulation by the applicable authorities, take all necessary actions or obtain the necessary approvals or licences to expand the authorised business scope of the JV Company.

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

INFORMATION ABOUT THE JV PARTNERS

Dr. Herbs Electronics is a limited liability company incorporated in Hangzhou, the PRC which is principally engaged in wholesale and retail, e-commerce technology, computer network technology services, computer technology development and external financial and equity investment. Dr. Herbs Electronics is an indirect non-wholly-owned subsidiary of Giant.

LETTER FROM THE BOARD

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

Jiangsu Co is the controlling shareholder of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (“**Yuyue Medical**”) and China Resources Wandong Medical Equipment Co., Ltd. (“**Wandong Medical**”).

Yuyue Medical (stock code: 002223) is a company listed on the Shenzhen Stock Exchange. Its mission is to become a highly competitive comprehensive platform products operator and medical services provider, by relying on its full-fledged family care and chronic illness management product lines, consumer information collected over time and extensive clinical expert resources.

Wandong Medical (stock code: 600055) is a company listed on the Shanghai Stock Exchange. It has over 60 years of history in medical imaging sector research, and its mission is to become the leading enterprise in China’s medical imaging sector by relying on its long-term accumulated technical standards and extensive good relationships with grassroot hospitals.

LISTING RULES IMPLICATIONS

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

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

LETTER FROM THE BOARD

WRITTEN APPROVAL

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

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

ADDITIONAL INFORMATION

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

Yours faithfully,

By Order of the Board

REORIENT GROUP LIMITED

Li Ting

Executive Director and Chief Executive Officer

1. CONSOLIDATED FINANCIAL STATEMENTS

Audited financial information of the Group for each of the years ended 31 December 2015, 31 December 2014 and 31 December 2013 was disclosed in the annual reports of the Company published on 16 March 2016, 29 April 2015 and 24 March 2014, respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/reorient/>).

Unaudited interim financial information of the Group for each of the six months ended 30 June 2015, 30 June 2014 and 30 June 2013 was disclosed in the interim reports of the Company published on 29 September 2015, 29 August 2014 and 23 August 2013, respectively, on both the website of the Stock Exchange (www.hkexnews.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/reorient/>).

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the year 2015, the capital investment by the investors led by Yunfeng Financial Holdings Limited (“YFHL”) has brought not only new capital of HK\$3.9 billion but also new and exciting business prospects, visions and strategies. For our employees, this investment has meant new developments horizons and platform; for our customers, this is the beginning of a brand-new service experience. And, for all our shareholders, we see continuous value creation with new opportunities.

Under the full support of YFHL, the retail business segment of the Group is setting its sights on the long-term objective of developing and becoming the operator of the industry’s preeminent fin-tech based personalised wealth management services platform — ultimately the first-choice wealth management platform for customers in the region to reach the global markets, and for global markets and customers to enter China. At the same time, the long-term objective for the Group’s corporate finance business segment is to become the advisor of choice for onshore Chinese corporates expanding into offshore capital markets or considering mergers and acquisitions activities.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group was as follows:

Borrowings

As at the Latest Practicable Date, the Group's has no borrowings outstanding.

Facilities

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has a banking facility of HK\$80,150,000.

Contingent liabilities

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has no significant contingent liabilities.

Capital commitment

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

Subsequent to the close of business on 31 March 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, on 5 April 2016, Profit Mind Global Limited ("Profit Mind"), a wholly owned subsidiary of the Company, entered into a conditional subscription agreement with Culturecom Holdings Limited ("Culturecom"). Pursuant to the subscription agreement, Profit Mind has agreed to subscribe 71,428,571 new ordinary shares of Culturecom at HK\$0.21 per share. Details of the transaction were disclosed in the announcement of the Company dated 6 April 2016. As at the Latest Practicable Date, the above subscription transaction has not been completed and no shares have been allotted and issued by Culturecom to Profit Mind.

Other than the aforesaid and the Transaction described in this circular, the Group has no other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL STATEMENT

The present internal financial resources available to the Group, including cash and bank balances as well as the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

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. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange:

Long positions in the Shares and the underlying Shares:

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

Note:

- Mr. Yu Feng, Chairman of the Group and non-executive Director of the Company, was interested in 1,342,976,000 shares through Jade Passion, a company which is owned as to 73.21% of its issued share capital by Key Imagination Limited. 68% of the issued share capital of Key Imagination Limited is owned by Yunfeng Financial Holdings Limited, the issued share capital of which in turn, is owned as to 60% by Mr. Yu Feng.
- Mr. Ko Chun Shun, Johnson (“Mr. Ko”), a non-executive Director of the Company, was interested in 229,180,726 shares through Gainhigh Holdings Limited. 100% of the issued share capital of Gainhigh Holdings Limited was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.

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

Name of associated corporation	Name of Director	Nature of interests	Number of shares held in associated corporation	
			Long position	Percentage of shareholding
Yunfeng Financial Holdings Limited	Mr. Yu Feng (Note 1)	Beneficial Owner	60	60%
Key Imagination Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation	6,800	68%
	Mr. Huang Xin (Note 2)	Held by controlled corporation	1,900	19%
Jade Passion Limited	Mr. Yu Feng (Note 1)	Held by controlled corporation	7,321	73.21%
	Mr. Huang Youlong (Note 3)	Held by controlled corporation	2,679	26.79%

Notes:

- (1) Mr. Yu Feng, Chairman of the Group and non-executive Director of the Company was interested in 6,800 shares, representing 68% of equity interest in Key Imagination Limited through Yunfeng Financial Holdings Limited, which is held as to 60% by Mr. Yu Feng. Mr. Yu Feng was also interested in 7,321 shares, representing 73.21 % of equity interest in Jade Passion through Key Imagination Limited. Both Key Imagination Limited and Jade Passion are substantial shareholders of the Company.
- (2) Mr. Huang Xin, an executive Director of the Company, is the sole shareholder of Perfect Merit Limited which owns 1,900 shares, representing 19% of the equity interest in Key Imagination Limited.
- (3) Mr. Huang Youlong, a non-executive Director of the Company, is the sole shareholder of Gold Ocean Investments Group Inc., owns 2,679 shares, representing 26.79% equity interest in Jade Passion.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, Shareholders (other than Directors or chief executives of the Company) who had, or were deemed or taken to have, an interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of any class of share capital

carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital:

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

Notes:

- Mr. Yu Feng, Chairman of the Group and a non-executive Director of the Company, and Mr. Ma Yun were interested in 1,342,976,000 shares through Jade Passion, a company which is owned as to 73.21% of its issued share capital by Key Imagination Limited. 68% of the issued share capital of Key Imagination Limited is owned by Yunfeng Financial Holdings Limited, the issued share capital of which in turn, is owned as to 40% and 60% by Mr. Ma Yun and Mr. Yu Feng, respectively.
- Mr. Ko Chun Shun, Johnson, a non-executive Director of the Company, was interested in 229,180,726 shares through Gainhigh Holdings Limited. 100% of the issued share capital of Gainhigh Holdings Limited was held by Insula Holdings Limited, a company wholly-owned by Mr. Ko.
- Ms. Lian Yi was interested in 167,872,000 shares through Violet Passion Holdings Limited, a wholly-owned subsidiary of Clear Expert Limited, which in turn is a company wholly-owned by Ms. Lian Yi.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group after the date two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Supplemental Agreement, the Joint Venture Agreement and the Amended and Restated Joint Venture Agreement;
- (b) as per Company announcement dated 6 April 2016, a subscription agreement dated 5 April 2016 entered into by Profit Mind Global Limited (“**Profit Mind**”), a wholly-owned subsidiary of the Company, together with a number of subscribers with Culturecom Holdings Limited (“**Culturecom**”). Pursuant to the subscription agreement, amongst other things, Profit Mind agreed to subscribe and Culturecom agreed to issue 71,428,571 new ordinary shares for a total consideration of approximately HKD15 million. The price for the subscription shares is HKD0.21 per share;
- (c) as per Company announcement dated 18 December 2015, a sale and purchase agreement entered into by Reorient Global Limited (“**Reorient Global**”), a wholly-owned subsidiary of the Company, with Central Faith International Ltd., for the sale of 174,000,000 ordinary shares of KuangChi Science Limited (“**KuangChi**”) (formerly Climax International Company Limited) for a total consideration of HKD443,700,000;

- (d) as per Company announcement dated 23 October 2015, a share sale and purchase agreement dated 22 October 2015 entered into by Reorient Asset Management Limited (“**RAML**”), a wholly-owned subsidiary of the Company, with Korean Investment Holdings Co., Ltd (“**KIH**”), pursuant to which RAML agreed to sell and KIH agreed to purchase 58,650 common shares of EQ Partners Co., Ltd. (“**EQP**”), which represented 26.24% of all the issued and outstanding common shares of EQP. The purchase price payable by KIH was USD6,610,442;
- (e) as per Company announcement dated 29 May 2015, subscription agreements dated 7 May 2015 entered into by the Company with each of Yunfeng Financial Holdings Limited, Harbour Yields Limited, Violet Passion Holdings Limited, Gentle Bright Development Limited and Chosen Global Holdings Limited, pursuant to which the Company agreed to allot and issue a total of 1,942,520,000 shares at an issue price of HK\$2.00 per subscription share;
- (f) a subscription agreement dated 14 April 2015 by Reorient Global and Huaxi Media Group Limited (formerly 21 Holdings Limited) (“**21 Holdings**”), in relation to the subscription for shares in 21 Holdings for a total consideration of HKD15,702,664.80, as per an announcement by 21 Holdings dated 13 May 2015;
- (g) a subscription agreement dated 17 February 2015 by First Bonus International Limited (“**First Bonus**”), a wholly-owned subsidiary of the Company, EDS Wellness Holdings Limited (“**EDS**”) and others, in relation to the subscription for ordinary shares in EDS for a total consideration of HKD5,397,636, as per an announcement by EDS dated 15 April 2015;
- (h) as per Company announcement dated 19 December 2014, a financial advisory service agreement (“**FAS Agreement**”) entered into by Reorient Financial Markets and China Jiu hao Health Industry Corporation Limited (“**China Jiu hao**”) for the provision of financial advisory services to China Jiu hao, and as per Company announcement dated 8 June 2015, an addendum to the FAS Agreement pursuant to which China Jiu hao and Reorient Financial Markets agreed to amend the payment terms of the consideration under the FAS Agreement of HKD49,500,000 to be payable to Reorient Financial Markets in the form of cash instead of shares in China Jiu hao;
- (i) a subscription agreement dated 24 November 2014 by Reorient Global and China Star Cultural Media Group Limited (“**China Star**”), in relation to the subscription for ordinary and preferred shares in China Star for a total consideration of HKD22,076,877.80, as per an announcement by China Star dated 18 December 2014;

- (j) as per Company announcement dated 21 August 2014, a subscription agreement dated 29 May 2014 entered into by Reorient Global, KuangChi and others in relation to the subscription for shares in KuangChi;
- (k) a share sale and purchase agreement (“**EQP SPA**”) dated 15 July 2014 by RAML and Ariel Partners Co., Ltd. (“**Ariel**”), for the sale of 15,600 common shares (“**EQP Shares**”) representing 6.97% of all the issued and outstanding common shares of EQP for a consideration of KRW1,061,970,000, and a share pledge agreement dated 18 July 2014, by Ariel, RAML and EQP, pursuant to which Ariel granted to RAML a first priority kun-pledge (kun-jilkwon in Korean) over all rights, title and interests in and to the EQP Shares, as security for the obligations of Ariel under the EQP SPA; and
- (l) as disclosed by the Company in its announcement dated 26 June 2014, the Company issued and allotted 17,021,277 ordinary shares at HK\$2.35 per share via a placing conducted under the terms of, on the one hand, a placing agreement between Gainhigh Holdings Limited (“**Gainhigh**”), the controlling shareholder of the Company at the time, and Reorient Capital Markets Limited, and, on the other hand, a subscription agreement between Gainhigh and the Company raising net proceeds of approximately HK\$39.8 million.

6. NO MATERIAL ADVERSE CHANGE

The Group announced the audited consolidated net loss for the year ended 31 December 2015 of approximately HK\$157 million, a turnaround from profit to loss from the net profit of the Group of approximately HK\$759 million for the year ended 31 December 2014, mainly owed to the disposal of shares in KuangChi. The disposal details are disclosed in the announcement of the Company dated 18 December 2015. The Group holds investments in listed securities as financial assets designated at fair value through profit or loss.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited consolidated financial statements of the Group were made up, being 31 December 2015.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claim which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any member of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

9. INTERESTS IN ASSETS OF THE GROUP

So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date hereof which was significant in relation to the business of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suites 3201-3204, One Exchange Square, 8 Connaught Place, Hong Kong on weekdays (Saturdays and public holidays excepted) from the date of this circular up to and including 15 May 2016:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the last two financial years ended 31 December 2015 and 2014;

- (c) the material contracts referred to in the section headed “Material Contracts” in this appendix; and
- (d) this circular.

11. MISCELLANEOUS

- (a) The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Group are securities broking, placing and underwriting, provision of consultancy and advisory services and investment holding.
- (b) The company secretary of the Company is Mr. Chan Man Ko who is an associate member of Institute of Chartered Accountants in England and Wales, and associate member and practicing member of Hong Kong Institute of Certified Public Accountants.
- (c) The registered office and head office of the Company is Suites 3201-3204, One Exchange Square, 8 Connaught Place, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.