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DVN (HOLDINGS) LIMITED

天地數碼(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00500)



REORIENT GROUP LIMITED

瑞東集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 00376)

JOINT ANNOUNCEMENT

SHARE SWAP BETWEEN DVN (HOLDINGS) LIMITED AND REORIENT GROUP LIMITED

**DISCLOSEABLE TRANSACTION
AND
CONNECTED TRANSACTION**

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AND
CONNECTED TRANSACTION**

On 23 November 2013, DVN and Reorient entered into the Share Swap Agreement pursuant to which (i) DVN has agreed to subscribe for and Reorient has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares, and in return (ii) Reorient has agreed to subscribe for and DVN has agreed to allot and issue to Reorient 56,976,571 new DVN Swap Shares, subject to the terms and conditions of the Share Swap Agreement.

The 17,805,178 new Reorient Swap Shares represent approximately 4.3% of the existing issued share capital of Reorient as at the date of this joint announcement and approximately 4.1% of the enlarged issued share capital of Reorient 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.

* *For identification purposes only*

The 56,976,571 new DVN Swap Shares represent 5.0% of the existing issued share capital of DVN as at the date of this joint announcement 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.

The Share Swap constitutes a discloseable and connected transaction for both DVN and Reorient and is subject to the applicable reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

DVN will convene a special general meeting for the DVN Independent Shareholders to consider and, if thought fit, approve the Share Swap. DVN will issue a circular to its shareholders on or before 13 December 2013, containing, among other matters, (i) further information of the Share Swap; (ii) the recommendations of the independent board committee to the DVN Independent Shareholders in relation to the Share Swap; (iii) the advice of the independent financial adviser to the independent board committee and the DVN Independent Shareholders in relation to the Share Swap; and (iv) a notice convening the special general meeting. Mr. Ko and his associates shall abstain from voting at the special general meeting.

Reorient will convene an extraordinary general meeting for the Reorient Independent Shareholders to consider and, if thought fit, approve the Share Swap. Reorient will issue a circular to its shareholders on or before 13 December 2013, containing, among other matters, (i) further information of the Share Swap; (ii) the recommendations of the independent board committee to the Reorient Independent Shareholders in relation to the Share Swap; (iii) the advice of the independent financial adviser to the independent board committee and the Reorient Independent Shareholders in relation to the Share Swap; and (iv) a notice convening the extraordinary general meeting. Mr. Ko and his associates shall abstain from voting at the extraordinary general meeting.

Completion of the Share Swap is subject to the satisfaction of a number conditions precedent, and hence the Share Swap may or may not proceed. The respective shareholders of DVN and Reorient, and potential investors should exercise caution when dealing in the DVN Shares and Reorient Shares.

BACKGROUND

On 23 November 2013, DVN and Reorient entered into the Share Swap Agreement pursuant to which (i) DVN has agreed to subscribe for and Reorient has agreed to allot and issue to DVN 17,805,178 new Reorient Swap Shares, and in return (ii) Reorient has agreed to subscribe for and DVN has agreed to allot and issue to Reorient 56,976,571 new DVN Swap Shares, subject to the terms and conditions of the Share Swap Agreement as summarised below.

THE SHARE SWAP AGREEMENT

Date of the Share Swap 23 November 2013

Agreement:

Parties: DVN, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

Reorient, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange

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

The 17,805,178 new Reorient Swap Shares represent approximately 4.3% of the existing issued share capital of Reorient as at the date of this joint announcement and approximately 4.1% of the enlarged issued share capital of Reorient 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.

The 56,976,571 new DVN Swap Shares represent 5.0% of the existing issued share capital of DVN as at the date of this joint announcement 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 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 and 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. 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; and
- (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.

The terms of the Share Swap were arrived at after arm's length negotiation between DVN and Reorient with reference to their respective recent market capitalisation. The respective directors of DVN and Reorient (excluding the independent non-executive directors of each of DVN and Reorient who will express their opinion after considering opinion of their respective independent financial adviser) are 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 their respective shareholders as a whole.

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 Reorient):

- (i) Reorient 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;
- (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) Reorient having obtained approval from the Reorient 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 Reorient;
- (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 Reorient Group immediately before Completion;
- (vii) the representations, warranties and undertakings given by Reorient 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 Reorient 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 Reorient 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
- (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.

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 Reorient), 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, Reorient 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.

Warranties

DVN and Reorient have given certain customary warranties relating to each of them. These warranties cover matters such as the businesses, constitutional documents and corporate actions of each of the DVN Group and the Reorient Group.

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. An application will be made by DVN to the Stock Exchange for the listing of, and permission to deal in, the DVN Swap Shares.

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 Reorient 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 will be made by Reorient 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.

Shareholding structure of DVN

Set out below is the shareholding information of DVN (i) as at the date of this joint announcement; and (ii) immediately after completion of the Share Swap (for illustrative purposes only):

	As at the date of this joint announcement		Immediately after completion of the Share Swap	
	Number of shares	%	Number of shares	%
Easy Flow Investments Limited (Note 1)	237,592,607	20.9	237,592,607	19.9
Rich Hill Capital Limited (Note 2)	175,500,000	15.4	175,500,000	14.7
First Gain International Limited (Note 3)	48,276,719	4.2	48,276,719	4.0
Ms. Cheung Yat Kwan (Note 4)	2,040,816	0.2	2,040,816	0.2
Mr. Chu Hon Pong (Note 5)	450,000	0.0	450,000	0.0
Reorient (Note 6)	—	—	56,976,571	4.8
Public DVN shareholders	675,671,290	59.3	675,671,290	56.4
Total	<u>1,139,531,432</u>	<u>100</u>	<u>1,196,508,003</u>	<u>100</u>

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 Reorient. 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 date of this joint announcement. Accordingly, Mr. Ko is deemed to be interested in the DVN Swap Shares to be allotted and issued to Reorient pursuant to the Share Swap Agreement under the SFO.

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.

	For the year ended 31	
	December	
	2012	2011
	HK\$	HK\$
		(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 REORIENT

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

SHAREHOLDING STRUCTURE OF REORIENT

Set out below is the shareholding information of Reorient (i) as at the date of this joint announcement; and (ii) immediately after completion of the Share Swap (for illustrative purposes only):

	As at the date of this joint announcement		Immediately after completion of the Share Swap	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Gainhigh Holdings Limited	270,824,382	65.8	270,824,382	63.1
DVN	—	—	17,805,178	4.1
Public Reorient shareholders	140,670,145	34.2	140,670,145	32.8
Total	411,494,527	100	429,299,705	100

Financial information of Reorient

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

	For the year ended 31 December	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Loss before taxation and extraordinary items, if any	96,307,000	8,802,000
Loss for the year	96,307,000	8,802,000

As at 30 June 2013, the unaudited consolidated net asset value of Reorient amounted to approximately HK\$202.24 million.

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 Reorient'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. Both DVN and Reorient consider that the DVN Acquisition presents good business prospects and believe that it would be in their mutual benefits to establish a strategic relationship through the Share Swap.

LISTING RULES IMPLICATIONS

DVN

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

As at the date of this joint announcement, Mr. Ko is the Chairman, an executive director and a substantial shareholder of DVN holding an aggregate of 19.82% interest in the issued share capital of DVN. Mr. Ko is also the Chairman, an executive director and the ultimate controlling shareholder of Reorient (as described in note 6 to the shareholding table of DVN as set out above in this joint announcement).

Accordingly, Reorient is an associate of Mr. Ko and thus the Share Swap constitutes a connected transaction for DVN.

The Share Swap is subject to the applicable reporting, announcement and independent shareholders' approval under Chapter 14 and Chapter 14A of the Listing Rules.

DVN has established an independent board committee to make recommendations to the DVN Independent Shareholders regarding the Share Swap. An independent financial adviser will also be appointed to advise the independent board committee and the DVN Independent Shareholders in relation to the Share Swap.

DVN will convene a special general meeting for the DVN Independent Shareholders to consider and, if thought fit, approve the Share Swap. DVN will issue a circular to its shareholders on or before 13 December 2013, containing, among other matters, (i) further information of the Share Swap; (ii) the recommendations of the independent board committee to the DVN Independent Shareholders in relation to the Share Swap; (iii) the advice of the independent financial adviser to the independent board committee and the DVN Independent Shareholders in relation to the Share Swap; and (iv) a notice convening the special general meeting. Mr. Ko and his associates shall abstain from voting at the special general meeting.

REORIENT

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 Reorient under Chapter 14 of the Listing Rules.

As described above, Mr. Ko is a substantial shareholder of DVN and is a controller (as defined in Chapter 14A of the Listing Rules) of Reorient. The Share Swap constitutes a connected transaction for Reorient 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.

Reorient has established an independent board committee to make recommendations to the Reorient Independent Shareholders regarding the Share Swap. An independent financial adviser will also be appointed to advise the independent board committee and the Reorient Independent Shareholders in relation to the Share Swap.

Reorient will convene an extraordinary general meeting for the Reorient Independent Shareholders to consider and, if thought fit, approve the Share Swap. Reorient will issue a circular to its shareholders on or before 13 December 2013, containing, among other matters, (i) further information of the Share Swap; (ii) the recommendations of the independent board committee to the Reorient Independent Shareholders in relation to the Share Swap; (iii) the advice of the independent financial adviser to the independent board committee and the Reorient Independent Shareholders in relation to the Share Swap; and (iv) a notice convening the extraordinary general meeting. Mr. Ko and his associates shall abstain from voting at the extraordinary general meeting.

GENERAL

Completion of the Share Swap is subject to the satisfaction of a number conditions precedent, and hence the Share Swap may or may not proceed. The respective shareholders of DVN and Reorient, and potential investors should exercise caution when dealing in the DVN Shares and Reorient Shares.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“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
“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 Reorient)

“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
“DVN Swap Shares”	the 56,976,571 new DVN Shares to be allotted and issued to Reorient, or its nominee(s), under the Share Swap
“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
“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 this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Erik D. Prince”	Mr. Erik D. Prince, an American businessman, the beneficial owner of Frontier Services Limited
“Mr. Ko”	Mr. Ko Chun Shun, Johnson
“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)
“Reorient Group”	Reorient and its subsidiaries
“Reorient Independent Shareholders”	shareholders of Reorient other than Mr. Ko and his associates
“Reorient Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of Reorient

“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
“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 Reorient
“Share Swap Agreement”	the conditional agreement dated 23 November 2013 entered into between DVN and Reorient in relation to the Share Swap
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of Directors
DVN (Holdings) Limited
Ko Chun Shun, Johnson
Chairman

By Order of the Board of Directors
Reorient Group Limited
Ko Chun Shun, Johnson
Chairman

Hong Kong, 23 November 2013

Composition of the board of directors of DVN

As at the date of this joint announcement, the executive directors are Mr. Ko Chun Shun, Johnson (Chairman), Mr. Gregg H. Smith (Chief Executive Officer), Mr. Luo Ning, Mr. Jin Wei, Mr. Xu Qiang (Chief Operating Officer) and Mr. Hu Qinggang (Chief Financial Officer); and the independent non-executive directors are Mr. Chu Hon Pong, Mr. Liu Tsun Kie and Mr. Yap Fat Suan, Henry.

Composition of the board of directors of Reorient

As at the date of this joint announcement, the board of directors comprises Mr. Ko Chun Shun, Johnson, Mr. Jason Boyer, Mr. Brett McGonegal, Mr. Chen Shengjie, Ms. Ko Wing Yan, Samantha and Mr. Tsoi Tong Hoo, Tony (who are executive directors), and Mr. Liu Zhengui, Mr. Ding Kebai, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).