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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)**

### **VOLUNTARY ANNOUNCEMENT DISPOSAL OF INTEREST IN AN ASSOCIATE**

The Board of the Company is pleased to announce that after trading hours on 22 October 2015, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

The purchase price payable by the Purchaser to the Vendor is US\$6,610,442. The payment of the purchase price shall be made in cash, 10% of which shall be made on execution of the SP Agreement, 80% of which shall be made as soon as practicable after satisfaction of the conditions precedent, and the remainder of which shall be made on completion of the Disposal.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal does not constitute a notifiable transaction for the Company. The Company is making this announcement on a voluntary basis for the information of the Shareholders of the Company and public investors.

#### **THE SP AGREEMENT**

The board of directors (the "Board") of the Company is pleased to announce that after trading hours on 22 October 2015, the Vendor, an indirect wholly owned subsidiary of the Company, and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares.

The purchase price payable by the Purchaser to the Vendor is US\$6,610,442. The payment of the purchase price shall be made in cash.

## **Conditions Precedent to Completion**

Completion of the Disposal is subject to the satisfaction or waiver (if such waiver is permitted under applicable laws) of the following conditions:

- (a) approval of a Bank of Korea notification regarding the Transfer by the Purchaser; and
- (b) the Reorient Subscription Completion occurring or having occurred.

Under the SP Agreement, each of the Vendor and the Purchaser has undertaken to use its commercially reasonable endeavours to ensure that such conditions precedent are fulfilled as soon as reasonably practicable or to otherwise take any actions required to achieve completion of the Disposal, including providing all contracts, documents or information requested by such party, including any documents implementing the terms of this Agreement, and providing to any relevant Governmental Authority all documents, undertakings or assurances requested or demanded of them. In the event that such conditions precedent are not satisfied or waived so that the completion of the Disposal does not occur by January 31, 2016, each party has the right to terminate the SP Agreement. If the SP Agreement is terminated as a result of the Reorient Subscription Completion not occurring, the Vendor shall return any part of Purchase Price already paid to and received by the Vendor with interest accruing at 18% per annum.

## **Completion of the Disposal**

According to the SP Agreement, the payment of consideration by the Purchaser shall be undertaken as follows:

- (a) 10% of which shall be made on execution of the SP Agreement;
- (b) 80% of which shall be made as soon as practicable after the satisfaction of the conditions precedent;
- (c) at completion of the Disposal on 15 January 2016 (unless otherwise agreed in writing between the parties), the remainder of the purchaser price shall be paid by the Purchaser to the Vendor.

## **Financial Impact of the Disposal**

The net gain arising from the Disposal is expected to be approximately HK\$28 million, and such gain has been determined by reference to the difference between the total consideration under the SP Agreement and the carrying value of the Sale Shares as at 30 September 2015. The net proceeds from the Disposal (after deducting transaction expenses) are estimated to be approximately HK\$51 million.

After Completion of the Disposal, the Target will cease to be an associate of the Group.

## Reasons for and benefits of the Disposal

The Board noted that the Group did not have a controlling stake in the Target and also took in consideration that the Vendor did a partial disposal of 15,600 common shares in the Target on 18 July 2014 (as reported in the Company's annual report for 31 December 2014). Therefore the Board considers that the Group would benefit from further developing and growing its local financial services businesses and further focusing on and devoting additional financial resources towards the working capital for the core financial services businesses of the Group.

Further, the Board noted that the Disposal would result in a cash inflow and strengthen the Group's balance sheet on a consolidated basis.

Having considered the foregoing and other relevant matters, the Board considers that the Disposal is in the best interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal does not constitute a notifiable transaction for the Company. The Company is making this announcement on a voluntary basis for the information of the Shareholders of the Company and public investors.

## INFORMATION ABOUT THE TARGET AND PURCHASER

The Target Company is a private equity investment firm based in Seoul, specialising in asset and portfolio management in companies in the infrastructure and utility sectors and growth equity investments in Korea and other countries.

The table below sets out the net profit/(loss) of the Target Company (before and after tax) for each of the two financial years ended 31 December 2014 and 31 December 2013, based on audited accounts of the Target Company audited by independent auditors in accordance with auditing standards generally accepted in Korea:

	For the year ended	
	31 December 2014	31 December 2013
	KRW ('000)	KRW ('000)
Net (loss) profit before taxation	(467,184)	1,991,565
Net (loss) profit after taxation	<u>(582,527)</u>	<u>1,378,986</u>

Based on the audited accounts of the Target Company audited by independent auditors in accordance with auditing standards generally accepted in Korea for the year ended 31 December 2014, the net asset value of Target Company as at 31 December 2014 was KRW13,606,587,000 (approximately HK\$96,916,000).

The Purchaser is a corporation duly organized and existing under the laws of Korea, with its principal activity in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and their ultimate beneficial owners are third parties independent of Reorient Group Limited and its connected persons (as defined in the Listing Rules).

## **DEFINITIONS**

“Company”	Reorient Group Limited, a corporation duly organized and existing the laws of Hong Kong, the issued shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the sale and purchase of the Sale Shares under the SP Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region
“KRW”	means Korean won, the lawful currency of Korea
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	Korea Investment Holdings Co., Ltd., a corporation duly organized and existing under the laws of Korea, having its principal office at 88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea
“Reorient Subscription Completion”	completion of the subscription transactions under the terms of each of the Shares Subscription Agreements dated 7 May 2015 entered between Reorient Group Limited and each of Yunfeng Financial Holdings Limited, Gentle Bright Development Limited, Violet Passion Holdings Limited, Harbour Yields Limited and Chosen Global Holdings Limited, as disclosed in the announcements of the Company dated 8 May 2015 and 29 May 2015

“Sale Shares”	58,650 commons shares in the Target
“SP Agreement”	the share sale and purchase agreement entered into on 22 October 2015 between the Vendor and the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	EQ Partners Co., Ltd., a corporation duly organized and existing under the laws of Korea, and a private equity investment firm based in Seoul
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Reorient Asset Management Limited, a company incorporated under the laws of the British Virgin Islands, and having its registered office at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands
“%”	per cent.

For and on behalf of  
**REORIENT GROUP LIMITED**  
**Jim Pak Keung, Patrick**  
*Company Secretary*

Hong Kong, 22 October 2015

*As at the date of this announcement, the Board comprises Mr. Ko Chun Shun, Johnson, Mr. Brett McGonegal, Mr. Chen Shengjie, Ms. Ko Wing Yan, Samantha and Mr. Tsoi Tong Hoo, Tony (who are executive directors), Mr. Dorian M. Barack (who is a non-executive director), and Mr. Liu Zhengui, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).*