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瑞東集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

ADJUSTMENT IN USE OF PROCEEDS

Reference is made to the circular of Reorient Group Limited (the “**Company**”) dated 18 August 2015 (the “**Circular**”) in relation to, among others, the use of proceeds from the subscription of new shares (the “**Proceeds**”). Unless otherwise stated, all capitalised terms used herein shall have the same meanings as defined in the Circular.

USE OF PROCEEDS

As set out in the paragraph headed “Use of proceeds” of the section headed “Letter From the Board” of the Circular and the interim report of the Company for the six months ended 30 June 2016, the Company intended to apply the Proceeds as follow:

	Original proposed application of the Proceeds HK\$ million	Actual usage up to 30 September 2016 HK\$ million	Unutilised Proceeds HK\$ million	Adjustments HK\$ million	Use of Proceeds after adjustments HK\$ million
	A	B	C=A-B	D	E=C+/-D
Setting up new branches and IT infrastructure	363.5	30.3	333.2	-	333.2
Recruitment of professionals (note 1)	99.8	39.9	59.9	-	59.9
Enhancement of the capital resources (note 2)	1,088.2	105.0	983.2	(983.2)	-
Establishment of a private wealth management platform (note 3)	189.7	10.7	179.0	-	179.0
Development of a financial services ecosystem (note 4)	149.8	14.8	135.0	-	135.0
Expansion into markets outside of Hong Kong	1,987.7	-	1,987.7	(1,987.7)	-
General capital management	-	-	-	2,970.9	2,970.9
Total:	3,878.7	200.7	3,678.0	-	3,678.0

Notes:

- (1) mainly utilised on the recruitment and employment of internet products and technology development professionals to assist on the expansion of retail brokerage businesses.
- (2) utilised on capital injection to a licensed wholly owned subsidiary regulated by the Securities and Futures Commission of Hong Kong.
- (3) mainly utilised on recruitment and employment of professionals specialising in asset and wealth management.
- (4) mainly utilised on marketing and setting up of online sales platform.

REASONS FOR THE ADJUSTMENT IN USE OF PROCEEDS

The Company reviews the use of the approximately HK\$3,879 million Proceeds from time to time. As at 30 September 2016, the unutilised Proceeds amount to approximately HK\$3,678 million, of which approximately HK\$983 million and HK\$1,988 million (together HK\$2,971 million), were intended to be used to meet capital requirements relating to the securities brokerage business and the financial resources required for expansion into markets outside Hong Kong respectively. After considering capital requirements linked to the trading volume of its Hong Kong securities brokerage business, and the significant uncertainties as to the specific timing for funding needs in connection with potential mergers and acquisition projects outside Hong Kong, the Company considers that the current management of the unutilised Proceeds (as mentioned above) may not be most efficient and effective. Consistent with the established long term goal of supporting the sustainable and healthy development of the Company's principal operating activities, the Company intends to apply the following capital management and interim deployment strategies in respect of the abovementioned approximately HK\$2,971 million of the Proceeds:-

1. As the Company's wealth management platform is expected to be launched shortly, it will also commence work on developing its own asset management products. To achieve positive synergies between the Company's capital management and growth of its asset management business, and facilitate external fundraising for such products, the Company intends provide seed capital, as direct investor or co-investor in fund products and high-quality early-stage private equity products developed by the Company;
2. Used as standby capital to support the securities brokerage business and the securities financing business when needed;
3. Towards acquisition or development of projects related to the Company's personal wealth management business or financial technologies development or into opportunities that provide synergies with other businesses of the Company; and
4. For better effectiveness and returns in respect of the Company's capital management, and to improve cash flow management, the Company shall adopt a treasury management model that may involve (but shall not be limited to) holding fixed income instruments, high grade equity instruments and other financial investments.

Other than as stated above, the original proposed application of the funds remains unchanged, and the Company shall continue to deploy resources to build and strengthen its capabilities to deliver fin-tech services.

The Board considers the above adjustment in the use of the net Proceeds is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

By Order of the Board
REORIENT GROUP LIMITED

Li Ting

Executive Director and Chief Executive Officer

Hong Kong, 18 October 2016

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