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LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

- (I) OPEN OFFER OF NOT LESS THAN 2,879,030,172 OFFER SHARES
AND NOT MORE THAN 2,960,576,172 OFFER SHARES AT
THE SUBSCRIPTION PRICE OF HK\$0.15 EACH
ON THE BASIS OF THREE (3) OFFER SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(III) CHANGE IN BOARD LOT SIZE; AND
(IV) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial adviser to the Company



Underwriter of the Open Offer



**Independent financial adviser to the
Independent board committee and
the Independent Shareholders**



THE OPEN OFFER

The Company proposes to raise not less than HK\$431.85 million and not more than HK\$444.09 million before expenses by issuing not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date) at the Subscription Price of HK\$0.15 per Offer Share on the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date and payable in full upon application. No excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Assuming (i) no exercise of any outstanding and exercisable Share Options; (ii) no new Shares being issued; and (iii) and no Shares being repurchased by the Company on or before the Record Date, the 2,879,030,172 Offer Shares proposed to be allotted and issued represents approximately 300.00% of the Company's issued share capital as at the date of this announcement and approximately 75.0% of the Company's issued share capital of 3,838,706,896 Shares as enlarged by the allotment and issue of 2,879,030,172 Offer Shares immediately after completion of the Open Offer.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Wednesday, 30 September 2015.

The register of members of the Company will be closed from Friday, 2 October 2015 to Thursday, 8 October 2015, both days inclusive, to determine the eligibility of the Open Offer.

The Record Date is Thursday, 8 October 2015. The last day of dealings in the Shares on cum-entitlement basis is on Friday, 25 September 2015. The Shares will be dealt in on ex-entitlement basis from Tuesday, 29 September 2015. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder.

The Board is pleased to announce that on 14 August 2015 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer. The Open Offer will be fully underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, whereas 959,676,724 Shares have been issued as of the date of this announcement. In order to accommodate the Open Offer, the Board proposes to increase the authorised share capital of the Company to HK\$1,000,000,000 divided into 10,000,000,000 Shares, by the creation of an additional 9,000,000,000 Shares. The additional Shares shall rank *pari passu* in all respects with the existing Shares.

GENERAL

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of this announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to the Listing Rules, the controlling Shareholder, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution relating to the Open Offer. An independent board committee of the Company comprising all the independent non-executive Directors has been established to make recommendation to the Independent Shareholders in respect of the Open Offer and the proposed increase of authorised share capital of the Company. An independent financial adviser has been appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard. The Circular containing, among other things, further details of the Open Offer and the proposed increase in authorised share capital of the Company, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and the proposed increase in authorised share capital and a notice convening the SGM will be despatched to the Shareholders on or before Wednesday, 9 September 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Thursday, 5 November 2015. The Company will arrange odd lot matching services in order to facilitate the trading of odd lots (if any).

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Opus Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer.

THE OPEN OFFER

The Company proposes to raise not less than HK\$431.85 million and not more than HK\$444.09 million before expenses by way of Open Offer and details are set out as follows:

Issue statistics

Basis of the Open Offer	:	Three (3) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.15 per Offer Share
Number of Shares in issue as at the date of this announcement	:	959,676,724 Shares
Number of Offer Shares	:	Not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date) (<i>Note</i>)

Number of Offer Shares underwritten by the Underwriter	:	Not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). The Open Offer is fully underwritten (<i>Note</i>)
Number of enlarged Shares in issue upon completion of the Open Offer	:	3,838,706,896 Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and 3,947,434,896 Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date) (<i>Note</i>)

Note: As at the date of this announcement, the Company has outstanding Share Options carrying rights to subscribe for a total of 27,182,000 new Shares. Such outstanding Share Options have been all vested and are exercisable as at the date of this announcement and before the Record Date. Assuming no grant of Share Options by the Company and full exercised of the subscription rights attaching to such outstanding and exercisable Share Options, an additional 81,546,000 Offer Shares will be issued.

Save for the Share Options, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Share Options outstanding at the date of this announcement have the following exercise price, exercise period and expiry date:

Exercise prices per Share (HK\$)	Exercise period	Expiry date	Number of Share Options granted to Employees/Consultants
0.77	From 18 January 2013 to 17 January 2017	17 January 2017	91,000
0.77	From 18 January 2014 to 17 January 2017	17 January 2017	91,000
0.592	From 12 February 2015 to 11 February 2017	11 February 2017	27,000,000
			27,182,000

The number of Option Shares to be allotted and issued by the Company, and the exercise price of the Share Options may be adjusted as a result of the Open Offer. The Company will publish further announcement(s) for details of the adjustments as and when appropriate.

Assuming (i) no exercise of any outstanding and exercisable Share Options; (ii) no new Shares being issued; and (iii) no Shares being repurchased by the Company on or before the Record Date, the 2,879,030,172 Offer Shares proposed to be allotted and issued represents approximately 300% of the Company's issued share capital as at the date of this announcement and approximately 75.0% of the Company's issued share capital of 3,838,706,896 Shares as enlarged by the allotment and issue of 2,879,030,172 Offer Shares immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be HK\$287,903,017 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and HK\$296,057,617 (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date).

Subscription Price

The Subscription Price is HK\$0.15 per Offer Share, which will be payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 68.09% to the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day and the date of the Underwriting Agreement;
- (b) a discount of approximately 34.78% to the theoretical ex-entitlement price of HK\$0.23 based on the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 68.75% to the average closing price of approximately HK\$0.48 per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; (ii) the net loss of the Group for the two consecutive financial years since 2013. The Directors consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer,

the net price per Offer Share will be approximately HK\$0.15 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) or approximately HK\$0.14 (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date).

Basis of entitlement

The basis of the entitlement shall be three (3) Offer Shares for every one (1) existing Share held on the Record Date, being not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 30 September 2015.

Closure of register of members for the Open Offer

The Company's register of members will be closed from Friday, 2 October 2015 to Thursday, 8 October 2015, both days inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Monday, 12 October 2015. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Ranking of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates refund cheques for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 4 November 2015. If the Open Offer is terminated, refund cheques will be despatched on or before Wednesday, 4 November 2015 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of the Offer Shares

On the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Offer Shares. Underwriter will arise under the Open Offer.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

UNDERWRITING AGREEMENT

Underwriting Agreement

Date	:	14 August 2015 (after trading hours)
Underwriter	:	Gransing Securities Co., Limited
Number of Offer Shares to be underwritten	:	Not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). The Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their respective ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

Under the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter who shall not subscribe, for its own account, for such number of the Offer Shares which have not been taken up by the Qualifying Shareholders which will result in the shareholding of them and parties acting in concert (within the meaning of the Takeovers Code) with them in the Company holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

The Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 2.0% of the aggregate Subscription Price in respect of the maximum number of the underwritten Offer Shares, being not less than 2,879,030,172 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 2,960,576,172 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Open Offer and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
 - (ii) any local, national or international event or change of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
 - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (v) the occurrence of any event, or series of events, beyond the control of the Underwriter;

which, in the reasonable opinion of the Underwriter:

- (1) is or will or is likely to have a material adverse effect on the business or financial position of the Group or the Open Offer; or
 - (2) has or will have or is likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares taken up; or
 - (3) makes it inadvisable or inexpedient for the Company to proceed with the Open Offer; or
- (b) there comes to the notice of the Underwriter:
 - (i) any matter or event showing any of the warranties under the Underwriting Agreement was, when given, untrue, inaccurate or misleading or as having been breached in any respect; or
 - (ii) any breach by any of the other parties to this agreement of any of their respective obligations or undertakings under this agreement

then and in such case the Underwriter may, upon giving notice to the Company, terminate the Underwriting Agreement with immediate effect without prejudice to all other rights, porters and remedies provided to the Underwriter (in law or equity).

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the issue of this announcement within two business days from the date of the Underwriting Agreement;
- (b) completion of the increase in authorised share capital of the Company;
- (c) the passing by the Independent Shareholders at the SGM of the resolution relating to the Open Offer;
- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by all Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Board (and with all other documents required to be attached thereto under the Companies Ordinance) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for “Information Purpose Only” explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the listing of, and permission to deal in, the Offer Shares, before 9:00am on Thursday, 5 November 2015, being the expected date of commencement of dealings in the Offer Shares (or such other date as may be agreed between the Company and the Underwriter from time to time), and such listing and permission not being revoked prior to the Latest Time for Termination;
- (g) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten trading days (other than any suspension pending clearance of this announcement) and no indication being received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Open Offer or in connection with the terms of this agreement or for any other reason;
- (h) compliance by the Company with all of its warranties, undertakings and obligations under the Underwriting Agreement;

- (i) obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement; and
- (j) the filing of the Prospectus Documents with the Registrar of Companies in Bermuda and approval of the Open Offer by the relevant authority of Bermuda if so required by the Companies Act.

The Company shall use its best endeavours to procure the fulfilment of the conditions set out in (a), (b), (d), (e), (f), (g), (h), (i) and (j) above and to convene the SGM for the purpose of fulfilling the condition set out in (c) above. The Company shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Open Offer and the arrangements contemplated by the Underwriting Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer (assuming (i) no further issue of any Shares other than the issue of Shares pursuant to the exercise of any outstanding and exercisable Share Options; (ii) no repurchase of any Shares by the Company; and (iii) no change in the shareholding of the substantial shareholders of the Company, after the date of this announcement until the completion of the Open Offer):

(A) Assuming no exercise of any outstanding and exercisable Share Option on or before the Record Date

	As at the date of this announcement		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders						
Mr. Huang Ying Yuan (Note 1)	152,553,540	15.90	610,214,160	15.90	152,553,540	3.97
Mr. Chen Chun Chieh (Note 2)	97,823,800	10.19	391,295,200	10.19	97,823,800	2.55
Mr. David Michael Webb (Note 3)	68,762,000	7.17	275,048,000	7.17	68,762,000	1.79
China Investment and Finance Group Limited (Note 4)	73,340,000	7.64	293,360,000	7.64	73,340,000	1.91
China Automotive Interior Decoration Holdings Limited (Note 5)	75,000,000	7.82	300,000,000	7.82	75,000,000	1.95
Director						
Mr. Mak Kwong Yiu (Note 6)	600,000	0.05	2,400,000	0.05	600,000	0.02
Sub-total	468,079,340	48.77	1,872,317,360	48.77	468,079,340	12.19
Public						
Underwriter and the subscribers procured by the Underwriter (Note 7)	—	—	—	—	2,879,030,172	75.00
Existing public Shareholders	491,597,384	51.23	1,966,389,536	51.23	491,597,384	12.81
Total	959,676,724	100.00%	3,838,706,896	100.00%	3,838,706,896	100.00%

(B) Assuming full exercise of all outstanding and exercisable Share Options on or before the Record Date

	As at the date of this announcement		Upon issue of the Share Options on or before Record Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders								
Mr. Huang Ying Yuan (Note 1)	152,553,540	15.90	152,553,540	15.46	610,214,160	15.46	152,553,540	3.86
Mr. Chen Chun Chieh (Note 2)	97,823,800	10.19	97,823,800	9.91	391,295,200	9.91	97,823,800	2.48
Mr. David Michael Webb (Note 3)	68,762,000	7.17	68,762,000	6.97	275,048,000	6.97	68,762,000	1.74
China Investment and Finance Group Limited (Note 4)	73,340,000	7.64	73,340,000	7.44	293,360,000	7.44	73,340,000	1.86
China Automotive Interior Decoration Holdings Limited (Note 5)	75,000,000	7.82	75,000,000	7.60	300,000,000	7.60	75,000,000	1.90
Director								
Mr. Mak Kwong Yiu (Note 6)	600,000	0.05	600,000	0.05	2,400,000	0.05	600,000	0.02
Sub-total	468,079,340	48.77	468,079,340	47.43	1,872,317,360	47.43	468,079,340	11.86
Public								
Underwriter and the subscribers procured by the Underwriter (Note 7)	—	—	—	—	—	—	2,960,576,172	75.00
Optionholders	—	—	27,182,000	2.75	108,728,000	2.75	27,182,000	0.69
Existing public Shareholders	491,597,384	51.23	491,597,384	49.82	1,966,389,536	49.82	491,597,384	12.45
Total	959,676,724	100.00%	986,858,724	100.00%	3,947,434,896	100.00%	3,947,434,896	100.00%

Notes:

- Mr. Huang Ying Yuan, the Chairman and an executive Director of the Company, is deemed to be interested in a total of 152,553,540 Shares, of which 1,234,000 Shares are held by Mrs. Huang Chen Li Chu and 148,353,540 Shares are held by Intelligence Hong Kong Group Limited. Mrs. Huang Chen Li Chu is the wife of Mr. Huang Ying Yuan and Intelligence Hong Kong Group Limited is controlled by Mr. Huang Ying Yuan and Mrs. Huang Chen Li Chu.
- Mr. Chen Chun Chieh, an executive Director of the Company, is deemed to be interested in a total of 97,823,800 Shares, of which 96,805,800 Shares are held by Hwa Foo Investment Limited. Hwa Foo Investment Limited is wholly owned by Mr. Chen Chun Chieh.
- Mr. David Michael Webb beneficially holds 20,541,000 Shares, and in addition he holds 48,221,000 Shares through Preferable Situation Assets Limited, which is 100% directly owned by him.
- China Investment and Finance Group Limited holds 73,340,000 Shares through New Express Investment Limited, which is wholly-owned by China Investment and Finance Group Limited.
- China Automotive Interior Decoration Holdings Limited holds 75,000,000 Shares through Link Excellent Limited, which is wholly-owned by China Automotive Interior Decoration Holdings Limited.
- Mr. Mak Kong Yiu, an independent non-executive Director of the Company.

7. This scenario is for illustration purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for any of the Underwritten Shares:
- (a) the Underwriter shall not subscribe, for its own account, for such number of the Offer Shares which have not been taken up by the Qualifying Shareholders which will result in the shareholding of them and parties acting in concert (within the meaning of the Takeovers Code) with them in the Company holding 10% or more shareholding in the Company immediately after completion of the Open Offer; and
 - (b) Pursuant to the Underwriting Agreement, the Underwriter shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

As at the date of this announcement, the existing public shareholders hold as to 51.23% of the entire issued share capital of the Company. Upon completion of the Open Offer (i) assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders, the existing public shareholders hold as to 12.81% of the entire enlarged issued share capital of the Company; and (ii) assuming full exercise of all the outstanding and exercisable Share Options and none of the Offer Shares are subscribed for the Qualifying Shareholders, the existing public shareholders and Optionholders hold as to 12.45% of the entire enlarged issued share capital of the Company. **Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open offer. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe for the Open Offer is (i) approximately 75.0% assuming none of the Offer Shares are subscribed for the Qualifying Shareholders; and (ii) approximately 75.69% assuming full exercise of all the outstanding and exercisable Share Options and none of the Offer Shares are subscribed for the Qualifying Shareholders.**

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in manufacture and distribution of toys and medical products.

Building on the increasing demand for the medical products in the overseas markets, it is the Group's intention to expand the medical business into the PRC domestic market and develop new products to enlarge product offering in light of the growing aging population in the PRC.

The Group will also explore opportunities to diversify into other business sectors that could benefit from the growing aging population and health consciousness in the PRC, with a view to creating synergistic effects with the existing medical products business.

Given that the financial knowledge and background of the Directors and the Company's strong cash position, the Directors are of the view that it is a suitable time for the Company to take an active approach in generating immediate revenue and diversifying the Company's business portfolio in other business sector including securities trading, money lending business, and other financial and property investment.

However, as disclosed in 2014 Annual Report, during the year ended 31 December 2014, the Company and a wholly-owned subsidiary of the Company (the "Seller") disposed eight wholly-owned subsidiaries of the Company, together with their respective subsidiaries, that engaged in the Group's juvenile and infant products business ("Disposed Subsidiaries") to a subsidiary of Dorel Industries Inc. (the "Buyer"), which control and benefits of the Disposed Subsidiaries have been transferred to the Buyer on 31 October 2014. As the Group disagreed with the draft completion accounts prepared by the Buyer and the significant downward adjustment to the consideration requested by the Buyer, the Buyer and the Group have not reached agreement on the disputed items in the draft completion accounts and have agreed that the disputed items shall be referred to an independent accountant to be appointed by the Seller and the Buyer pursuant to the terms of the sale and purchase agreement who shall determine what adjustments (if any) are required to be made to the draft completion accounts.

As a result of the disputed items, the net asset value of the disposed subsidiaries of the Group and their respective subsidiaries before the deduction of deferred taxes at the completion of the disposal and the final consideration for the Disposed Subsidiaries are yet to be determined. For the year ended 31 December 2014, the gain or loss on disposal of subsidiaries was only recognized to the extent of the portion of the consideration that is not in dispute. The downward adjustment to the consideration for the disposal of HK\$307.4 million claimed by the Buyer, which the Buyer was presented as deferred consideration in the consolidated statement of financial position at 31 December 2014. For further details of the disposal of the subsidiaries of the Company and the dispute between the Group and Buyer, please refer to the circular dated 28 August 2014 and the 2014 Annual Report.

In view of the above, the net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than HK\$422.39 million but not more than HK\$434.63 million which are intended to be applied in the following manner:

- approximately HK\$270 million, representing approximately 63.9% of the net proceeds from the Open Offer for the investment in Black Marble Securities;
- approximately HK\$117 million, representing approximately 27.7% of the net proceeds from the Open Offer for the operation of the money-lending business in Hong Kong through BlackMarble Capital;
- approximately HK\$18 million, representing approximately 4.3% of the net proceeds from the Open Offer for securities investments. As at the date of this announcement, the Company has not identified any specific securities investment targets; and
- the remaining net proceeds from the Open Offer for general working capital of the Group.

To the best knowledge of the Directors, the table below sets out the details of the use of proceeds as at the date of this announcement:

Nature of business	Estimated investment amount	Status of business	Investment timeline
1. Securities and brokerage and margin financing	HK\$270 million	In operation	HK\$90 million by 3rd quarter of 2015 as margin financing facility to customers; and HK\$180 million by 4th quarter of 2015 as share capital and operation of securities and brokerage and margin financing business.
2. Money-lending	HK\$117 million	In operation	HK\$117 million by 3rd quarter of 2015 which HK\$100 million as money lend to customers and HK\$17 million as operation of money lending business.
3. Securities investments	HK\$18 million	Investing	HK\$18 million by 3rd quarter of 2015 as investment of various securities.

Investment in securities and brokerage and margin financing business

Black Marble Securities currently has the Stock Exchange Trading Right and license to carry out Type 1 (Dealing in Securities) regulated activities. According to the Securities and Futures Ordinance (“SFO”), licensed corporations must maintain paid-up share capital and liquid capital not less than the specified amounts according to the financial resources rules (“FRR”). In order to maintain a sufficient level of financial resources and expansion of the securities brokerage and margin financing businesses, the Company intends to inject HK\$180 million into Black Marble Securities as its share capital and general working capital and HK\$90 million to reserve for its margin financing facility to its clients. As at the date of this announcement, Black Marble Securities has an aggregate of approximately 80 clients, out of which approximately 20 are margin financing clients and approximately 10 are professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as extended by the Securities and Futures (Professional Investor) Rules (Chapter 571D) of the Laws of Hong Kong)). Currently, 10 potential and existing clients have enquired Black Marble Securities in relation to margin financing with an aggregate amount of HK\$100 million.

Black Marble Securities is actively exploring business opportunities. For instance, as disclosed in the announcement of GreaterChina Professional Services Limited (“GreaterChina”) dated 9 July 2015, Yim Cheong Share Broking and Investment Company Limited (“Yim Cheong”), the former name of Black Marble Securities, entered into a placing agreement with GreaterChina. Yim Cheong has conditionally agreed to place, on a fully underwritten basis, a total of not less than six places to subscribe for an aggregate of 2,600,000,000 shares of the placing shares at the price of HK\$0.10 per placing share. In light of this, Black Marble Securities is required to maintain a sufficient level of financial resources so as to fulfill the requirement under SFO. In addition, Black Marble Securities is currently discussing with several potential clients and will enter into placing agreements and/or underwriting agreements with such clients to act as placing agent or underwriter. The Directors therefore are of the view that by having an enlarged capital base, Black Marble Securities will be able to capture more business opportunities and expand its business.

Investment in money-lending business

As disclosed in the announcement of the Company dated 2 July 2015, the Group has commenced its money-lending business in Hong Kong through BlackMarble Capital, which is a licensed money lender under the Money Lenders Ordinance. The Group believes that such business can bring in additional revenue for the Group and supplement our securities and brokerage and financing business. By leveraging the concrete financial knowledge and background of the Directors, BlackMarble Capital is in negotiation with an individual for an amount of lending of approximately HK\$30.0 million with an interest rate ranging from 12% to 20% per annum and two licensed money lenders in Hong Kong for an aggregate amount of HK\$40 million with an interest rate ranging from 8% to 10% per annum for a term of two years. The Directors believe that the management of the Company has sufficient experience to further expand the Company’s money-lending business.

The Directors are of the view that, as at the date of this announcement, the net proceeds from the Open Offer can satisfy the Company’s expected funding needs for the next 12 months. Save for the Open Offer, the Company does not have any immediate plan and is not contemplating to conduct further fund raising exercise for funding its existing operations or the proposed new business activities as described above in the next 12 months from the date of this announcement.

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, the Company has attempted to obtain loan financing from two of its principal bankers for financing its business expansion, however, both principal bankers indicated that it was unlikely for the Company to obtain loan financing from them respectively without the pledge of assets. According to such principal banker, pledge of bank balances and time deposits would allow the Company to obtain loan financing of an amount equivalent to approximately the pledged amount, which would not provide sufficient capital for the Company to finance its business expansion. In addition, as a significant portion of the Company’s property, plant and equipment (“PPE”) is situated in the PRC, the two principal bankers indicated that a deep discount would be deducted from the pledged PPE. Accordingly, the PPE of the

Company, amounting to approximately HK\$98.3 million as at 31 December 2014, would also not allow the Company to finance its need for the proposed business expansion. Therefore, given the fund raising size and the scale of business expansion of the Company, the Directors considered that it would not be feasible for the Company to obtain the required amount from bank financing at favourable terms. Placing of new Shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. The Directors considered that it would be unfair to those Shareholders who had stayed with the Company for a considerable time, especially when the prospect of the Company is expected to improve.

Although rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, the Directors are of the view that if the Company is to carry out a rights issue instead of the Open Offer, the Company will incur (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who will purchase the nil-paid rights on the market; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms and liaising with the registrar of the Company. It is estimated that the additional costs and expenses of around HK\$200,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. In addition, in view of the average trading volume in the past twelve months before the date of this announcement, was only approximately 0.66% of the total issued Shares, there is uncertainty of the existence of a market to trade the nil-paid rights.

Having considered and taken into account the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and in addition, in view of the relatively inactive historical trading volume of the Shares, there is uncertainty of existence of a market to trade in the nil-paid rights. And given that the current loss-making position of the Group and all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Board considers that it is important for the Group to minimise all costs which may be incurred during the raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders' base, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct the Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

Having considered other fund raising alternatives for the Group as disclosed above, and taking into account the benefits and cost of each of the alternatives, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is most appropriate fund raising activities to the Company and in the is in the interest of the Company and the Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro-rata shareholding interests in the Company.

In assessing the fairness and reasonableness of the Open Offer, the Directors are of the view that:

- (i) the offer ratio of the Open Offer is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;
- (ii) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; and (ii) the net loss of the Group for the two consecutive financial years since 2013;
- (iii) in the course of considering the Open Offer, the Company has approached three securities houses, trying to obtain the best available terms for the Open Offer. Finally, the Company has entered into the Underwriting Agreement with a securities house, being the Underwriter, with the most competitive underwriting commission rate. During the negotiation of the Underwriting Agreement, it has been indicated to the Company that a subscription price with a relatively deep discount to the closing price is necessary to induce the Underwriter to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer. Based on the foregoing, without deep discount to historical trading price, it will be unlikely for the Group to obtain underwriting services for the Open Offer from the only available underwriter, being the Underwriter. Hence, taking into account the fund raising size and the need for setting the Subscription Price at a relatively deep discount for inducing the Underwriter to provide underwriting services under the Open Offer, it has resulted in the offer ratio of the Open Offer with such dilutive impact to the Shareholders;
- (iv) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow and trend of interest rate, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer under the volatile investment environment if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares;
- (v) the Open Offer will provide the Group with readily available fund for its acquired securities brokerage and margin financing businesses and money-lending business;

- (vi) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing the Offer Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (vii) the Open Offer is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Open Offer;
- (viii) inherent dilutive nature of Open Offer in general if the Qualifying Shareholders did not take up their entitlements under the Open Offer in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Offer Shares; and
- (ix) the Underwriter has also undertaken to the Company that none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Open Offer and shall be Independent Third Parties.

FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not conducted any fund raising exercise in the past 12 months immediately preceding the date of this announcement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, whereas 959,676,724 Shares have been issued as of the date of this announcement. In order to accommodate the Open Offer, the Board proposes to increase the authorised share capital of the Company to HK\$1,000,000,000 divided into 10,000,000,000 Shares, by the creation of an additional 9,000,000,000 Shares. The additional Shares shall rank *pari passu* in all respects with the existing Shares. The increase in the proposed authorised share capital of the Company is conditional upon the approval of the Shareholders by way of an ordinary resolution.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Event	(Hong Kong time)
Expected date of despatch of the Circular.	Wednesday, 9 September 2015
Latest time for lodging transfer of Shares to qualify for attendance at the SGM	4:00 p.m. on Thursday, 17 September 2015

Register of members closes for determining the rights to attend the SGM.	on Friday, 18 September 2015 to Wednesday, 23 September 2015 (both dates inclusive)
Latest time to lodge the form of proxy for attending the SGM (not less than 48 hours prior to time of SGM)	2:30 p.m. on Monday, 21 September 2015
SGM.	2:30 p.m. on Wednesday, 23 September 2015
Announcement of the results of the SGM	Before 7:00 p.m. Wednesday, 23 September 2015
Last day of dealing in Shares on a cum-entitlement basis	Friday, 25 September 2015
First day of dealing in Shares on an ex-entitlement basis	Tuesday, 29 September 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Wednesday, 30 September 2015
Register of members of the Company closes.	Friday, 2 October 2015 to Thursday, 8 October 2015 (both dates inclusive)
Record Date for the Open Offer	Thursday, 8 October 2015
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only)	Monday, 12 October 2015
Latest Time for Acceptance of, and payment of Offer Shares.	4:00 p.m. on Tuesday, 27 October 2015
Latest Time for Termination by the Underwriter	4:00 p.m. on Monday, 2 November 2015
Announcement of results of acceptance of the Offer Shares	Tuesday, 3 November 2015
Despatch of share certificates for Offer Shares or refund cheques if terminated.	Wednesday, 4 November 2015

Effective date of change in board lot size
from 2,000 Shares to 20,000 Shares Thursday, 5 November 2015

Designated brokers start to stand in the market
to provide matching services for sale and
purchase of odd lots of Shares 9:00 a.m. on
Thursday, 5 November 2015

Dealing in Offer Shares commences 9:00 a.m. on
Thursday, 5 November 2015

Designated brokers cease to stand in the market
to provide matching services for sale and
purchase of odd lots of Shares 4:00 p.m. on
Wednesday, 25 November 2015

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 27 October 2015, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Tuesday, 27 October 2015, the dates mentioned in the above section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

GENERAL

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of this announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to the Listing Rules, the controlling Shareholder, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates are required to

abstain from voting in favour of the resolution relating to the Open Offer. An independent board committee of the Company comprising all the independent non-executive Directors has been established to make recommendation to the Independent Shareholders in respect of the Open Offer and the proposed increase of authorised share capital of the Company. An independent financial adviser has been appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard. The Circular containing, among other things, further details of the Open Offer and the proposed increase in authorised share capital of the Company, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and the proposed increase in authorised share capital and a notice convening the SGM will be despatched to the Shareholders on or before Wednesday, 9 September 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

WARNING OF THE RISK OF DEALINGS IN SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 29 September 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Monday, 2 November 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Wednesday, 4 November 2015.

The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Based on the theoretical ex-rights price of approximately HK\$0.23 per Share (calculated based on the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is HK\$460 and the estimated market value of each proposed new board lot is HK\$4,600.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Gransing Securities Co., Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 5 November 2015 to 4:00 p.m. on Wednesday, 25 November 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through Gransing Securities Co., Limited at 805-806 Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong (telephone: (852) 2544 0397 and facsimile: (852) 2544 8439) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board wishes to announce that it has appointed Opus Capital Limited, a corporation licensed under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer, and such appointment has been approved by the independent board committee of the Company. The advice of Opus Capital Limited to the independent board committee of the Company and the Independent Shareholders will be included in the Circular.

DEFINITIONS

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

“2014 Annual Report”	the annual report of the Company for the year ended 31 December 2014
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Application Form”	the form of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the form agreed by the Company and the Underwriter
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“BlackMarble Capital”	BlackMarble Capital Limited, an indirect wholly-owned subsidiary of the Company. BlackMarble Capital is a licensed money lender in Hong Kong under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong)
“Black Marble Securities”	Black Marble Securities Limited (formerly known as Yim Cheong Share Broking and Investment Company Limited), an indirect wholly-owned subsidiary of the Company. Black Marble Securities is a company incorporated in Hong Kong with limited liability and has the Stock Exchange Trading Right and license to carry out Type 1 (Dealing in Securities) regulated activities. Black Marble Securities is principally engaged in securities brokerage business and also intends to be engaged in margin financing business
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular	the circular containing, among other things, further details of the Open Offer and a notice convening the SGM to be despatched to the Shareholders
“Company”	Lerado Group (Holding) Company Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) at the SGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“Last Trading Day”	14 August 2015, being the last trading day for the Shares being the date of this announcement
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Tuesday, 27 October 2015 or such other time as may be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Monday, 2 November 2015, being the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange operated by the Stock Exchange

“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders
“Offer Shares”	not less than 2,879,030,172 new Shares and not more than 2,960,576,172 new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Option Shares”	a maximum of 27,182,000 new Shares to be allotted and issued upon the exercise of all the 27,182,000 vested outstanding Options
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Monday, 12 October 2015 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Non-Qualifying Shareholder(s))

“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 8 October 2015, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the Company
“SGM”	the special general meeting of the Company to convened and held to consider and to approve the Open Offer and the transactions contemplated hereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in share capital of the Company
“Share Options”	the outstanding options to subscribe for 27,182,000 new Shares granted under the Share Option Schemes
“Share Options Schemes”	the share options schemes as approved by the Company respectively on 30 May 2002 and 28 May 2012
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Offer Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes of Takeovers and Mergers and Share Buy-backs
“Underwriter”	Gransing Securities Co., Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of the Securities Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 14 August 2015 entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer

“Underwritten Shares”	not less than 2,879,030,172 Offer Shares and not more than 2,960,576,172 Offer Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the lawful currency of United States
“%”	per cent.

By order of the Board
Lerado Group (Holding) Company Limited
Huang Ying Yuan
Chairman

Hong Kong, 14 August 2015

As at the date of this announcement, the executive Directors of the Company are Mr. HUANG Ying Yuan, Mr. HUANG Shen Kai, Mr. CHEN Chun Chieh and Mr. LAI Kin Chung, Kenneth; and the independent non-executive Directors of the Company are Mr. MAK Kwong Yiu, Mr. YE Jianxin and Mr. CHERN Shyh Feng.