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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)

PLACING OF EXISTING SHARES

The Company announces that it has been informed by the Vendors that they have agreed to place a total of 194,868,000 Shares at a price of HK\$1.33 per Share to independent third parties and Cazenove has been appointed by the Vendors as the sole bookrunner and lead manager in respect of the Placing. The Placing Price represents an approximately 8.3% discount to the closing price of HK\$1.45 per Share on 28 May 2002.

Immediately after completion of the Placing, the Vendors (other than Investor AB which will still hold 40 Shares) will cease to hold any Shares. The Directors of the Company do not consider that the Placing has any adverse impact on the operation of the Company.

The Company announces that it has been informed that the Vendors have agreed to place, through Cazenove, a total of 194,868,000 Shares at a price of HK\$1.33 per Share to independent third parties, the principal terms thereof, and the reason therefor, as informed by the Vendors are set out below.

Placing Agreement dated 28 May 2002

Vendors:	Investor AB, American International Assurance Company, Limited, American International Assurance Company (Bermuda) Limited and AIG Asia Direct Investment Fund Ltd. respectively hold 79,659,000, 28,801,980, 28,801,980 and 57,605,040 Shares in the Company, which together represent approximately 26.97% of the issued share capital of the Company as at the date of this announcement.
Sole Bookrunner and Lead Manager:	Cazenove, who is independent of and not connected with and not acting in concert with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as such terms are defined in the Listing Rules), has been appointed to act as the sole bookrunner and lead manager in respect of the Placing.
Number of Placing Shares:	194,868,000 existing Shares, representing approximately 26.97% of the existing issued share capital of the Company, will be placed through Cazenove on a best efforts basis.
Placees:	The Placing Shares will be placed to no less than six institutional and professional investors who are individually independent of and not connected with and not acting in concert with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as such terms are defined in the Listing Rules).
Placing Price:	HK\$1.33 per Placing Share, representing (a) an approximately 8.3% discount to the closing price of the Shares of HK\$1.45 as quoted on the Stock Exchange on 28 May 2002, (b) an approximately 7.0% discount to the average closing price of the Shares of HK\$1.430 as quoted on the Stock Exchange for the five trading days ended on 28 May 2002, and (c) an approximately 4.5% discount to the average closing price of the Shares of HK\$1.392 as quoted on the Stock Exchange for the ten trading days ended on 28 May 2002. As the Company declared a final dividend of HK\$0.06 per Share on 16 April 2002, for the purpose of calculating the average closing prices mentioned above, HK\$0.06 has been deducted from the closing prices per Share on the relevant trading days ended on 23 May 2002.
Rights of the Placing Shares:	The Placing Shares will be sold free of any third party rights. The placees will enjoy all rights attached to the Placing Shares on the date of the Placing Agreement which do not include the right to receive the final dividend declared by the Company as mentioned above.
Completion of the Placing:	Completion of the Placing is expected to take place on or before 31 May 2002.
Termination:	The Placing Agreement contains provisions entitling Cazenove to terminate the Placing Agreement by serving notice on the Vendors prior to 9:00 a.m. on the date of completion of the Placing on the occurrence of certain events at any time prior to the date of completion of the Placing. Such events include but are not limited to breach of warranties by the Vendors and suspension of trading of any securities of the Company on the Stock Exchange.

Reason for and effect of the Placing

The Placing is effected by the Vendors in order to realise their respective investments in the Company. Immediately after completion of the Placing, the Vendors (other than Investor AB, whose shareholding will be reduced from 79,659,000 Shares to 40 Shares) will cease to hold any Shares. The Directors of the Company do not consider that the Placing has any adverse impact on the operation of the Company.

Definitions

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

“Cazenove”	Cazenove Asia Limited
“Company”	Lerado Group (Holding) Company Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 194,868,000 existing Shares by the Vendor through Cazenove
“Placing Agreement”	a placing agreement between the Vendors and Cazenove dated 28 May 2002 in relation to the Placing of 194,868,000 Shares
“Placing Shares”	a total of 194,868,000 Shares owned by the Vendors
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Investor AB, American International Assurance Company, Limited, American International Assurance Company (Bermuda) Limited and AIG Asia Direct Investment Fund Ltd.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Huang Ying Yuan
Chairman

Hong Kong, 28 May 2002

* for identification purposes only

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Times.