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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)**

### **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcements of Lerado Group (Holding) Company Limited (the “**Company**”) dated 26 May 2015 and 27 May 2015 (the “**Announcements**”) in relation to the acquisition of the entire issued share capital of Oriental Strategic Limited (the “**Acquisition**”). Unless the context otherwise requires, capitalised terms used herein shall bear the same meanings as those defined in the Announcements.

In addition to the information disclosed in the Announcements, the Company wishes to provide shareholders of the Company (the “**Shareholders**”) and the public with additional information in relation to the Acquisition as below.

The Directors have considered the followings in deciding the terms of the Acquisition:

- (1) as disclosed in the announcement of the Company dated 26 May 2015 (the “**26 May Announcement**”), the Directors are of the view that certain fabrics products and expertise knowledge of the Target Group can be utilised in the Group's business of manufacturing medical products, including but not limited to powered and non-powered mobility aid, wheel chairs and other durable medical equipment. Furthermore, the Target Group has commenced its business for many years and it has a certain sizable clientele, which allows the Company to penetrate into a new market. The Group expects to realize synergetic effect as a result of the consolidation of the Target Group as the Acquisition allows the Group to obtain professional knowledge in fabrics and help develop new application to the Company's core business.

The Directors also considered the following aspects in relation to the “utilisation of certain fabrics products and expertise knowledge of the Target Group” and the “synergetic effect” as mentioned in the above reasons for the Acquisition:

- (a) as the existing powered and non-powered mobility products and wheel chairs of the Group are mainly made of artificial leather and aluminium, the Directors are of the view that after the Acquisition, certain fabric products and expertise knowledge of the Target Group could

be applied in the research and development of the Group's mobility products and wheel chairs and that creative use of fabric materials can make the Group's mobility products and wheel chairs more fashionable, multi-functional and appealing to users, which could diversify the Group's market segmentation;

- (b) the Group expects to realise synergetic effect from the Acquisition by utilising the Target Group's knowledge in fabric market and existing supplier network. The Directors believe that it would minimize the time and cost in exploring the fabric market and it would be more cost effective in sourcing fabric materials.

In addition, as the Target Group has track record for the past years and the Vendor has unconditionally and irrevocably undertaken a profit guarantee, the Group expects the potential returns from the investment in the Target Company will contribute positively to the financial results of the Group in the near future.

Based on the above reasons for the Acquisition, the Directors believed the Group could be benefited from the Acquisition.

- (2) during the commercial negotiation in relation to the Acquisition, the Vendor requested the allotment and issue of the Consideration Shares as one of the terms of the Acquisition;
- (3) the allotment and issue of the Consideration Shares by the Company represented an opportunity to broaden the shareholders base; and
- (4) the allotment and issue of the Consideration Shares by the Company would ensure the stability and healthy financial position of the Company and increase the flexibility to the Group's liquidity.

After considering the above, the Directors decided to issue Consideration Shares for the Acquisition instead of settling the Consideration of HK\$45 million in cash and were of the view that the terms of the agreement dated 26 May 2015 in relation to the Acquisition were normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The board of Directors (the "**Board**") would like to take this opportunity to clarify that due to an inadvertent oversight:

- (i) there is a typographical error in the last paragraph under the section headed "Consideration" on page 2 of the 26 May Announcement. The term (as underlined herein for identification purpose) "The Consideration was arrived at arm's length negotiations among the parties, with reference to (i) the payment term of the Consideration of the Acquisition; (ii) the financial performance of the Target Company; (iii) independent property valuation in the amount of HK\$48,000,000 and (iv) the reasons for the Acquisition as disclosed herein below." should be revised to read "The Consideration was arrived at arm's length negotiations among the parties, with reference to (i) the payment term of the Consideration of the Acquisition; (ii) the financial performance of the Target Company; (iii) independent business valuation by market approach in the amount of HK\$48,000,000 and (iv) the reasons for the Acquisition as disclosed herein below.";

- (ii) there is a typographical error in the first sentence of the first paragraph under the section headed “Profit Guarantee” on page 5 of the Chinese version of the 26 May Announcement. The period as stated in the first sentence of the first paragraph under the section headed “Profit Guarantee” on page 5 of the Chinese version of the 26 May Announcement should be from 1 April 2014 to 30 September 2015 (instead of 31 March 2015). Accordingly, the period (as underlined herein for identification purpose) as stated in the first sentence of the first paragraph under the section headed “Profit Guarantee” on page 5 of the Chinese version of the 26 May Announcement should be read as follows:

“賣家特此無條件及不可撤銷地表示及承諾對本公司保證，目標公司於二零一四年四月一日至二零一五年九月三十日期間之稅後綜合純利不少於4百萬港元。”

The period as stated in the first sentence of the first paragraph under the section headed “Profit Guarantee” on page 5 of the English version of the 26 May Announcement is however correct;

- (iii) there is a typographical error in the definition of “Vendor” under the section headed “Terms used in this announcement” on page 7 of the Chinese version of the 26 May Announcement. The Chinese name of the Vendor should be “中國汽車內飾集團有限公司” instead of “中國投融資集團有限公司”. The definition of “Vendor” under the section headed “Terms used in this announcement” on page 7 of the English version of the 26 May Announcement is however correct.

The Company will publish announcement(s) when the actual consolidated net profit of the Target Company and the compensation sum are confirmed.

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

12 June 2015

*As at the date of this announcement, the executive Directors of the Company are Mr. HUANG Ying Yuan, Mr. CHEN Chun Chieh, Mr. HUANG Shen Kai 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.*

*\* For identification purposes only.*