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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

If you are in any doubt as to any aspect about this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lerado Group (Holding) Company Limited (the "Company"), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in the Shares and the Offer Shares may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Subject to the granting of 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 commencement date of dealings in the Offer Shares on the Stock Exchange or, under contingent situation, such other dates 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 the CCASS Operational Procedures in effect from time to time. Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this prospectus.

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### LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)\*

*(Incorporated in the Bermuda with limited liability)*

(Stock Code: 1225)

## OPEN OFFER OF 2,879,030,172 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

**Underwriter of the Open Offer**



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The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Friday, 11 December 2015. The procedures for application are set out on pages 22 and 23 of this Prospectus.

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and 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 have been dealt in on an ex-entitlement basis commencing from on Monday, 16 November 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 Thursday, 17, December 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.

27 November 2015

\* For identification purpose only

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:*

### DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 14 August 2015 in relation to, among other things, the Open Offer, proposed increase of authorised share capital and change of board lot size
“Application Form(s)”	the form(s) 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
“Black Marble 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

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## DEFINITIONS

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“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remain hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 26 October 2015 in relation to, among other things, the Open Offer, proposed increase of authorised share capital and notice of SGM
“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
“Companies (WUMP Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“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 Board Committee”	An independent committee of the Board, comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders in relation to the Open Offer
“Independent Shareholders”	Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) at the SGM

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## DEFINITIONS

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“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
“Latest Practicable Date”	25 November 2015, being the latest practicable date for ascertaining certain information for inclusion in this prospectus
“Last Trading Day”	14 August 2015, being the last trading day for the Shares being the date of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 11 December 2015 or such other time as may be agreed between the Company and the Underwriter in writing, being the latest time for acceptance of the offer of Offer Shares and payment in the manner set out in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Thursday, 17 December 2015, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the fourth Business Days after (but excluding) the Latest Time for Acceptance
“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

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## DEFINITIONS

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“Offer Share(s)”	2,879,030,172 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
“Optionholder”	the holder of Share option in relation to the Share Option Schemes
“Option Shares”	a maximum of 27,090,000 new Shares to be allotted and issued upon the exercise of all the 27,090,000 vested outstanding Share 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 Prospectus 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”	Friday, 27 November 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))

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## DEFINITIONS

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“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”	Tuesday, 24 November 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 held by the Company on 10 November 2015 to consider and approve, among other matters, the Open Offer
“Share(s)”	ordinary share(s) of HK\$0.1 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Share Option(s)”	the outstanding options to subscribe for 27,090,000 new Shares granted under the Share Option Schemes
“Share Option Scheme”	the share options schemes as approved by the Company respectively on 30 May 2002 and 28 May 2012
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

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## DEFINITIONS

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“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”	2,879,030,172 Offer Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*Unless otherwise specified in this Prospectus, for illustration purpose only, amounts quoted in RMB has been converted into HK\$ at the rate of HK\$1.00 to RMB0.78887 and amounts quoted in US\$ has been converted into HK\$ at the rate of US\$1.00 to HK\$7.78. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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## EXPECTED TIMETABLE

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### EXPECTED TIMETABLE

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

<b>Event</b>	<b>(Hong Kong time)</b>
Last day of dealings in Shares on a cum-entitlement basis. . . . .	Friday, 13 November 2015
First day of dealings in Shares on an ex-entitlement basis . . . . .	Monday, 16 November 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer . . . . .	4:30 p.m. on Tuesday, 17 November 2015
Register of members of the Company closes . . . . .	Wednesday, 18 November 2015 to Tuesday, 24 November 2015 (both dates inclusive)
Record Date for the Open Offer . . . . .	Tuesday, 24 November 2015
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only). . . . .	Friday, 27 November 2015
Latest Time for Acceptance of, and payment of Offer Shares . . . . .	4:00 p.m. on Friday, 11 December 2015
Latest Time for Termination by the Underwriter. . . . .	4:00 p.m. on Thursday, 17 December 2015
Announcement of results of acceptance of the Offer Shares . . . . .	Friday, 18 December 2015
Despatch of share certificates for Offer Shares or refund cheques if the Open Offer terminated . . . . .	Monday, 21 December 2015
Effective date of change in board lot size from 2,000 Shares to 20,000 Shares. . . . .	Tuesday, 22 December 2015

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## EXPECTED TIMETABLE

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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 Tuesday,  
22 December 2015

Dealing in the Offer Share commences . . . . . 9:00 a.m. on Tuesday,  
22 December 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,  
13 January 2016

*All times and dates stated in this Prospectus 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 Friday, 11 December 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 Friday, 11 December 2015, the dates mentioned in the above section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.

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## TERMINATION OF UNDERWRITING AGREEMENT

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### 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

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## TERMINATION OF UNDERWRITING AGREEMENT

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- (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.

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## LETTER FROM THE BOARD

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### LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)\*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 1225)

*Executive Directors:*

Mr. HUANG Ying Yuan  
(Chairman and Chief Executive Officer)  
Mr. HUANG Shen Kai  
Mr. CHEN Chun Chieh  
Mr. LAI Kin Chung, Kenneth

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent Non-executive Directors:*

Mr. YE Jianxin  
Mr. CHERN Shyh Feng  
Mr. LAM Chak Man

*Principal place of*

*business in Hong Kong:*

Unit 1-3, 30/F  
Universal Trade Centre  
3-5A, Arbuthnot Road  
Central Hong Kong

27 November 2015

*To the Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 2,879,030,172 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**

#### INTRODUCTION

On 17 August 2015, the Board announced that the Company proposed to raise HK\$431.85 million before expenses by issuing 2,879,030,172 Offer Shares 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. The Open Offer was approved by the Independent Shareholders at the SGM.

\* For identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer including the procedures for application and payment for the Offer Shares; (ii) the financial information of the Group; and (iii) the general information of the Group.

### THE OPEN OFFER

#### 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 Latest Practicable Date	:	959,676,724 Shares
Number of Offer Shares	:	2,879,030,172 Offer Shares
Number of Offer Shares to be taken up or procure to be taken up by the Underwriter	:	2,879,030,172 Offer Shares. The Open Offer is fully underwritten
Number of Shares in issue upon completion of the Open Offer	:	3,838,706,896 Shares

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

As at the Latest Practicable Date, the Board had not received any information or undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Open Offer.

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## LETTER FROM THE BOARD

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Share Options outstanding at the Latest Practicable Date have the following exercise price, exercise period and expiry date:

<b>Exercise prices per Share (HK\$)</b>	<b>Exercise period</b>	<b>Expiry date</b>	<b>Number of Share Options Employees/ Consultant</b>
0.77	From 18 January 2013 to 17 January 2017	17 January 2017	45,000
0.77	From 18 January 2013 to 17 January 2017	17 January 2017	45,000
0.592	From 12 February 2015 to 11 February 2017	11 February 2017	27,000,000
			<hr/>
			<b>27,090,000</b>

Adjustments to the exercise prices and numbers of Shares which may be subscribed pursuant to the outstanding Share Options may be required under the terms and conditions of the Share Option Scheme as a result of the completion of the Open Offer. The auditors or an approved financial adviser of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and number of the Shares which may be subscribed pursuant to the outstanding Share Options. Further announcement will be made by the Company in this regard as and when appropriate.

### **The Offer Shares**

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 Latest Practicable Date 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 upon completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be HK\$287,903,017.

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## LETTER FROM THE BOARD

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### 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 date of the Underwriting Agreement and on the Last Trading Day;
- (b) a discount of approximately 34.78% to the theoretical ex-entitlement price of approximately 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;
- (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;
- (d) a discount of approximately 77.27% to the audited consolidated net asset value per Share of approximately HK\$0.66 (based on the latest published audited net asset value of the Group of HK\$632,866,000 as at 31 December 2014 and 959,676,724 Shares in issue as at the Latest Practicable Date);
- (e) a discount of approximately 88.55% to the unaudited consolidated net asset value per Share of approximately HK\$1.31 (based on the latest published unaudited net asset value of the Group of HK\$1,261,741,000 as at 30 June 2015 and 959,676,724 Shares in issue as at the Latest Practicable Date; and
- (f) a discount of approximately 9.09% to the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 in terms of operating performance 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

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## LETTER FROM THE BOARD

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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.

### **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 2,879,030,172 Offer Shares. 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 Tuesday, 17 November 2015.

### **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. According to the register of members of the Company as at the Latest Practicable Date, there were six Overseas Shareholders with registered addresses situated in Taiwan and the PRC. Each of the Overseas Shareholders represents less than 1.0% of the total issued Shares as at the Latest

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## LETTER FROM THE BOARD

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Practicable Date. Pursuant to Rule 13.36(2)(a) of the Listing Rules (including notes 1 and 2 thereto), the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders.

Based on the advice provided by the Company's PRC legal adviser, the Directors are of the view that it is expedient to extend the Open Offer to the Overseas Shareholders in the PRC as there are no legal restrictions prohibiting the making of the Open Offer in the PRC and no legal or regulatory compliance is required to followed in the PRC.

Based on the advice provided by the Company's Taiwan legal adviser, the Directors are of the view that it is expedient to extend the Open Offer to the Overseas Shareholders in the Taiwan as there are no legal restrictions prohibiting the making of the Open Offer in Taiwan and no legal or regulatory compliance is required to followed in the Taiwan.

As such, no Shareholder is excluded under the Open Offer.

No person receiving a copy of this Prospectus and/or the Application Form in any territory or jurisdiction outside of Hong Kong may treat it as an offer or an invitation to apply for the Offer Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. It is the responsibility of any person outside Hong Kong (including the ultimate beneficial owner(s) of the Qualifying Shareholders) wishing to make an application for the Offer Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including obtaining any government or other consents, and payment of any taxes and duties required to be paid in such jurisdiction in connection therewith. Completion and return of the Application Form will constitute a warranty and representation by the relevant applicant(s) to the Company that all registration, legal and regulatory requirements of all relevant territories other than Hong Kong in connection with the acceptance of the Offer Shares have been duly complied with by such applicant(s). For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. If you are in any doubt as to your position, you should consult your professional advisers.

**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.

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## LETTER FROM THE BOARD

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### **Share certificates and 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 Monday, 21 December 2015. If the Open Offer is terminated, refund cheques will be despatched on or before Monday, 21 December 2015 by ordinary post at the respective Shareholders' own risk.

### **No application for excess Offer Shares**

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 including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of application forms, etc. It is estimated that an additional cost of approximately HK\$100,000 to administer the excess application procedures will be incurred, which is not cost effective from the viewpoint of the Company. 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 will arise under the Open Offer. 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 has applied 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.

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## LETTER FROM THE BOARD

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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.

### Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions to the Underwriting Agreement are set out in the sub-section headed “Conditions of the Open Offer” of this Prospectus.

### Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Offer Shares. It is emphasised that none of the Company, its Directors or any other parties involved in the Open Offer accept responsibility for any tax effects or liability of holders of the Offer Shares resulting from holding or disposal of, or dealing in of the Offer Shares.

### UNDERWRITING AGREEMENT

Date : 14 August 2015 (after trading hours)

Underwriter : Gransing Securities Co., Limited

Number of Offer Shares : 2,879,030,172 Offer Shares. The Open Offer is fully  
to be underwritten 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.

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## LETTER FROM THE BOARD

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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 upon 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 upon completion of the Open Offer.

As at the Latest Practicable Date, Gransing Securities had entered into sub-underwriting agreements with 12 sub-underwriters for an aggregate sub-underwriting commitment of a maximum of Underwritten Shares, being 2,879,030,172 Offer Shares. Each of the sub-underwriters' commitment portion represents less than 10% of the total issued Shares 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 Shares, being 2,879,030,172 Offer Shares. 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

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## LETTER FROM THE BOARD

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- (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.

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (a) the issue of the Announcement within two business days from the date of the Underwriting Agreement;

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## LETTER FROM THE BOARD

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- (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 9:00 a.m. on Thursday, 31 December 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

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## LETTER FROM THE BOARD

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- (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.

Up to the Latest Practicable Date, conditions (a) and (c) have been fulfilled.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may subscribe for any number of Offer Shares only up to the number set out in the Application Form. If Qualifying Shareholders wish to exercise their rights to subscribe for all the Offer Shares offered to them as specified in the Application Form or to exercise their rights to subscribe for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have subscribed for with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 11 December 2015. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Lerado Group (Holding) Company Limited — Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, by no later than 4:00 p.m. on Friday, 11 December 2015, the relevant assured allotment of Offer Shares and all rights and entitlements in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to accept the whole or part of your assured entitlement.

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## LETTER FROM THE BOARD

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All cheques or cashier's orders accompanying completed Application Form will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or cashier's order, will constitute a warranty by the applicant that the cheque and/or cashier's order will be honoured on first presentation. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "**Account Payee Only**", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on Monday, 21 December 2015.

No action has been taken to permit the offering of the Offer Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this Prospectus or the Application Form in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself before subscribing for the assured allotted Offer Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is a Non-Qualifying Shareholder.

The Application Form is for use only by the person(s) name therein and is not transferable.

No receipt will be issued in respect of any application monies received.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

	As at the Latest Practicable 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)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Directors</b>						
Mr. Huang Ying Yuan ( <i>Note 1</i> )	56,363,540	5.87	225,454,160	5.87	56,363,540	1.47
Mr. Mak Kwong Yiu ( <i>Note 2</i> )	600,000	0.06	2,400,000	0.06	600,000	0.02
Sub-total	56,963,540	5.93	227,854,160	5.93	56,963,540	1.49
<b>Public</b>						
Underwriter and the subscribers procured by the Underwriter ( <i>Note 3</i> )	—	—	—	—	2,879,030,172	75.00
Existing public Shareholders	902,713,184	94.07	3,610,852,736	94.07	902,713,184	23.51
Total	959,676,724	100.00	3,838,706,896	100.00	3,838,706,896	100.00

*Notes:*

1. Mr. Huang Ying Yuan, the Chairman and an executive Director of the Company, is deemed to be interested in a total of 56,363,540 Shares, of which 1,234,000 Shares are held by Mrs. Huang Chen Li Chu and 52,163,540 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.
2. Mr. Mak Kwong Yiu, was an independent non-executive Director of the Company who resigned with effect from 2 November 2015.
3. 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 10% or more shareholding in the Company immediately after completion of the Open Offer.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the existing public shareholders hold as to 94.07% of the entire issued share capital of the Company. Upon completion of the Open Offer assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders, the existing public shareholders hold as to 23.51% 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 approximately 75.00% assuming 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

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## LETTER FROM THE BOARD

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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.

### Change in use of proceeds

As disclosed in the Announcement, it is expected that the Group will allocate its use of proceeds in the following manner:

Nature of business	Estimated investment amount	Status of business	Investment timeline
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.
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.
Securities investments	HK\$18 million	Investing	HK\$18 million by 3rd quarter of 2015 as investment of various securities.

The remaining net proceeds from the Open Offer will be used for general working capital of the Group.

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## LETTER FROM THE BOARD

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However, since additional time is required for the Company to prepare and finalise the Circular, it is expected that the completion of the Open Offer will be postponed to a date after 3rd quarter of 2015. In view of this, the Group will delay its original plans and the Directors has considered the following factors and re-allocated its use of proceeds accordingly:

In respect of the Group's securities and brokerage and margin financing business, a total of 20 potential and existing clients have enquired Black Marble Securities in relation to margin financing with an aggregate amount of HK\$150 million.

In respect of the Group's money lending business, the Group foresees that one potential client in relation to the money lending business which intended to borrow HK\$30 million as stated in the Announcement may not sign the contract with the Group. However, the Company is in negotiation with two new potential clients in relation to the money lending business with an aggregate amount of lending of approximately HK\$36 million with an interest rate ranging from 12% to 20% per annum.

Given that the Group is actively exploring business opportunities and several potential clients have enquired the Group in relation to its margin financing and money lending business, the Directors expect that the entire amount of the net proceeds from the Open Offer can be utilised by the Company shortly upon the net proceeds from the Open Offer becoming available, which is the 4th quarter of 2015, in order to capture suitable investment opportunities in a timely manner to provide investment return to the Group and the Shareholders.

### *Securities investments*

In respect of the Group's securities investments business, the Group originally planned to allocate HK\$18 million of the proceeds from the Open Offer to securities investments after considering that such amount will enable the Group to expand its investment portfolio gradually by acquiring securities in different industries to diversify its investment portfolio and reduce the concentration and investment risks.

### *Company's portfolio of securities investments*

The Company's portfolio of securities investments as at the Latest Practicable Date, comprise of securities in different industries including manufacturing, provision of services, securities trading and investment holding, all of which are listed on the Stock Exchange in Hong Kong. The balance of the Company's existing portfolio of securities

## LETTER FROM THE BOARD

investments amounted to approximately HK\$560 million as at the Latest Practicable Date. Details are shown as below:

Industry	Balance as at 30 June 2015 <i>HK\$'000</i>	Addition  From 1 July 2015 to the Latest Practicable Date <i>HK\$'000</i>	Disposal  From 1 July 2015 to the Latest Practicable Date <i>HK\$'000</i>	Unrealised gain/(loss) on fair value changes of held-for- trading investments <i>HK\$'000</i>	Balance at the Latest Practicable Date <i>HK\$'000</i>	Gain on fair value changes of held-for- trading investments For the six months ended 30 June 2015 <i>HK\$'000</i>	Realised gain/(loss) on fair value changes of held-for- trading investments <i>HK\$'000</i>
Manufacturing	624,000	15,515	(8,642)	(91,590)	539,283	601,014	7,177
Securities trading and investment holding	78,062	9,151	(78,062)	8,053	17,204	20,383	(17,656)
Provision of services	18	4,165	(18)	(1,929)	2,236	5,121	(11)
Bank	—	447	—	28	475	—	—
Insurance	—	529	—	100	629	—	—
	<u>702,080</u>	<u>29,807</u>	<u>(86,722)</u>	<u>(85,338)</u>	<u>559,827</u>	<u>626,518</u>	<u>10,490</u>

However, in light of the the stock market in Hong Kong being volatile, the Directors consider that the performance of the securities portfolio of the Group may remain susceptible to external market condition. As such, the Group intends to allocate HK\$18 million more to the margin financing business as the margin financing facility to customers in view of the increase in margin financing enquiry from the potential and existing customers as mentioned above. The Directors also consider that it can provide a stable interest income stream to the Group and benefit the Company and the Shareholders as a whole.

In view of the above, the net proceeds from the Open Offer after deducting all relevant expenses are estimated to be HK\$422.27 million which are intended to be applied in the following manner:

- approximately HK\$288 million, representing approximately 68.2% 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; and

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## LETTER FROM THE BOARD

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- 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 Latest Practicable Date:

<b>Nature of business</b>	<b>Estimated investment amount</b>	<b>Status of business</b>	<b>Investment timeline</b>
1. Securities and brokerage and margin financing	HK\$288 million	In operation	HK\$288 million by 4th quarter of 2015 which HK\$108 million as margin financing facility to customers; and HK\$180 million 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 4th quarter of 2015 which HK\$100 million as money lend to customers and HK\$17 million as operation of money lending business.

### **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 activity. According to the 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\$108 million to reserve for its margin financing facility to its clients. As at the Latest Practicable Date, Black Marble Securities has an aggregate of approximately 90 clients, out of which approximately 25 are margin financing clients and approximately 10 are professional investors (as defined in the SFO as extended by the Securities and Futures (Professional Investor) Rules (Chapter 571D) of the Laws of Hong Kong). Currently, 20 potential and existing clients have enquired Black Marble Securities in relation to margin financing with an aggregate amount of HK\$150 million.

Black Marble Securities is actively exploring business opportunities. For instance, as disclosed in the announcement of GreaterChina Professional Services Limited

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(“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 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. The Company, through Black Marble Securities, will be the underwriter of a recent proposed open offer of China Investment and Finance Group Limited (stock code: 1226) (“CIFG”). The announcement of such open offer was published by CIFG on 9 September 2015. From the disclosure of interests in the website of the Stock Exchange, as at 25 September 2015, CIFG holds 7.64% of the issued share capital of the Company, and the Company holds 7.49% of the issued share capital of CIFG. As disclosed in the announcement of the Company dated 21 May 2015 (the “CIFG Subscription Announcement”), the investment in CIFG can help the Company to diversify its investment portfolio as CIFG is mainly engaged in securities trading and investment holding. However, (a) after considering that potential material interest may arise in the Open Offer in holding CIFG, which is one of the Shareholders, and in order to be fair and reasonable to all Shareholders and; (b) the Company intends not to subscribe for the open offer of CIFG, which was announced on 9 September 2015, due to the volatile stock market and, hence, the restructuring of the Company’s investment portfolio, the Company decided to dispose its entire shareholding in CIFG in the open market on 29 September 2015 at an aggregate consideration of approximately HK\$7.86 million. In order to diversify the Company’s investment portfolio, the Company invested such proceeds in a financial institution and an insurance company with their shares listed on the Main Board of the Stock Exchange respectively as constituent stocks of the Hang Seng Index. The Company believes that there is no change in the Company’s investment strategy since the CIFG Subscription Announcement, which is to diversify the Company’s investment portfolio. As at the Latest Practicable Date, CIFG does not hold any shareholding interest in the Company, and the Company also does not hold any shareholding interest in CIFG.

Black Marble Securities is currently discussing with three potential clients which are (i) a construction company applying for listing; (ii) a household company applying for listing; and (iii) a company which its shares listed on Main Board of the Stock Exchange and principally engaged in information technology, and Black Marble Securities will enter into underwriting agreements with such clients to act as their underwriter. In

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considering the underwriting agreements that are in discussion together with those that were already entered into between Black Marble Securities and the clients, the total underwriting commitment is expected to be approximately HK\$2,096 million, subject to further negotiation between Black Marble Securities and its potential clients regarding the structure of the fund raising activities. According to the FRR, corporations licensed under the Securities and Futures Commission (the “SFC”) to carry out Type 1 regulated activity under the SFO are required to maintain liquidity capital of approximately 1% to 15% of the net underwriting commitment, the percentage of which depends on the difference between the subscription price and the market price of the listed companies and the share categories of the listed companies. Therefore, the potential underwriting commitment under discussion shall require approximately HK\$21 million to approximately HK\$314 million to maintain the liquidity capital of Black Marble Securities.

### **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 two individuals for an aggregate amount of lending of approximately HK\$36.0 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 consider that the investment in money lending business is in the interests of the Company and its Shareholders as a whole given that the potential amount of HK\$76 million is below the amounts of proceeds allocated to this business, having taken into account that: (i) the potential lending amount of HK\$76 million can earn an interest rate ranging from 8% to 20% per annum which is higher than the Prime rate in the market (currently 5% per annum); (ii) the remaining amount can strengthen the capital reserve of BlackMarble Capital to approach more potential customers and meet customers’ requirements for loans. As the Directors consider strong cash flow and financial capability are fundamental factors for the money lending business to operate successfully; (iii) money lending business can bring in additional revenue for the Group and supplement its securities and brokerage and financing business; and (iv) the management of the Company has sufficient experience to further expand the Company’s money lending business.

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## LETTER FROM THE BOARD

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The Directors are of the view that, as at the Latest Practicable Date, 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 the 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 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 placees 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

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## LETTER FROM THE BOARD

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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 the Announcement, was only approximately 0.66% of the total issued Shares and on a monthly analysis of the average trading volume of the Shares, the Directors also noted that the average trading volume of the Shares during December 2014 and May to June 2015 recorded over 1.0% of the total issued Shares. The Directors consider that the Shares were actively traded at those limited times only and the trading volume dropped dramatically since early July 2015 and thus, there is uncertainty of the existence of a market to trade the nil-paid rights. In addition, although the Group recorded a profit before tax of approximately HK\$599.61 million for the six months ended 30 June 2015 which mainly attributable from unrealised gain on fair value changes of equity securities listed in Hong Kong of approximately HK\$626.52 million. The Directors consider without the financial effect of the gain on fair value changes of equity securities listed in Hong Kong, the Group then recorded a loss before tax of approximately HK\$26.91 million for the six months ended 30 June 2015.

Furthermore, the Company considered disposing the Company's equity securities listed in Hong Kong (i.e. the securities investment in the manufacturing industry) is not a reliable source of fund to expand the Company's business. The stock market in Hong Kong has been volatile since June 2015. A disposal of the Company's securities investment in manufacturing industry (to meet the Company's fund raising needs for approximately HK\$432 million) may constitute a major transaction or very substantial disposal for the Company under Chapter 14 of the Listing Rules and be subject to reporting, announcement and shareholders' approval requirements under the Listing Rules (the "Considered Disposal"). As the management of the Company assessed that the Considered Disposal may take months to complete, the Company considered that the final expected proceeds from the Considered Disposal cannot be ascertained at completion of the Considered Disposal due to (i) the volatile stock market in Hong Kong and (ii) the average trading volume of the Company's securities investment in manufacturing industry in July 2015 was approximately 4 million shares per trading day. Therefore, the Company is unable to ascertain the timing of realising approximately HK\$432 million for the Company's business expansion as disclosed in the Circular.

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 loss-making position in terms of operating performance of the Group and all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Board

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## LETTER FROM THE BOARD

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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 in terms of operating performance 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

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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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According to the Unaudited Pro Forma Financial Information of the Group, the adjusted unaudited pro forma consolidated net tangible assets of the Group as at 30 June 2015 immediately after the Open Offer per Share assuming no Options are exercised on or before the Record Date will be HK\$0.43 per Share which is lower than the adjusted unaudited pro forma consolidated net tangible assets of the Group as at 30 June 2015 before the Open Offer per Share of HK\$1.27 per Share.

Despite the significant reduction of approximately 66.1% in terms of the adjusted consolidated net tangible assets of the Group as at 30 June 2015 as stated above, having taken into account: (i) the use of proceeds from the Open Offer is consistent with the Company's view to diversify the Company's business portfolio in other business sector including securities trading, money lending business and other financial and property investment; (ii) the Open Offer would strengthen the capital base of the Group; (iii) the Open Offer is fair and reasonable when compare to other alternative as stated in this Prospectus; (iv) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; and (v) the discount rate of the Subscription Price to the prevailing market price of the Shares was necessary to encourage the Qualifying shareholders to participate the Open Offer, the Directors consider the Open Offer is in the interests of the Company and its Shareholders as a whole in light of the significant reduction in the unaudited consolidated net tangible assets per Share.

### **FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

### **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.**

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## LETTER FROM THE BOARD

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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 has been dealt in on an ex-entitlement basis commencing from Monday, 16 November 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 Thursday, 17 December 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.

### LISTING RULES IMPLICATIONS

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 the Announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the SGM. As at the Latest Practicable Date, (i) the Company does not have any controlling Shareholder as defined under the Listing Rules; (ii) Mr. Huang Ying Yuan is an executive Director, chief executive and chairman of the Company, holding approximately 5.87% of the total issued Shares; and (iii) Mr. Chen Chun Chieh, Mr. Huang Shen Kai and Mr. Lai Kin Chung, Kenneth, being the executive Directors of the Company, do not hold any Shares. Therefore pursuant to the Listing Rules, the 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. The Open Offer has been duly approved by the Independent Shareholders at the SGM.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

**1. FINANCIAL INFORMATION**

The audited consolidated financial statement of the Group for the year ended 31 December 2012, 31 December 2013 and 31 December 2014, including the notes thereto, have been published in the annual reports of the Company (i) for the years ended 31 December 2012 (pages 30 to 37), 31 December 2013 (pages 30 to 37) and 31 December 2014 (pages 28 to 35) respectively. The unaudited consolidated financial statement of the Group for the six months ended 30 June 2015, including the notes thereto, have been published in the interim report of the Company for the six months ended 30 June 2015 (pages 2 to 8) The said annual report and interim report of the Company are published on both the Stock Exchange ([www.hkex.com](http://www.hkex.com)) and the Company's website ([www.irasia.com/listco/hk/lerado/index.htm](http://www.irasia.com/listco/hk/lerado/index.htm)).

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0422/LTN20130422626.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0321/LTN201403211022.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0428/LTN201504281543.pdf>

2015 interim report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0925/LTN20150925342.pdf>

**2. FINANCIAL TRADING PROSPECTS**

Given the Directors, concrete financial knowledge and background and the Group's solid financial 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 sectors including securities trading, money lending business, and other financial and property investment.

The Group will actively participate as placing agent or underwriter for other listed companies in fund raising activities. Black Marble Securities also acts as a broker in dealing securities for existing clients (including professional investors) and targets to enlarge the customer bases. Directors believe commission income could be generated and enhance the Group's overall earnings. The Group will also generate interest income by way of participating in margin financing business and money lending business.

### Securities Investment

The Group's held for trading investments amounted to HK\$702.1 million as at 30 June 2015. Details of which are shown as follows:

	<b>The fair value of the held- for-trading investments as at 30 June 2015 on 28 August 2015* HK\$'000</b>	<b>The fair value of the held- for-trading investments as at 30 June 2015 HK\$'000</b>
Convoy Financial Holdings Limited ("CFHL")	12,765	33,810
China Investment and Finance Group Limited ("CIFG")	18,675	41,216
China New Economy Fund Limited ("CNEFL")	1,288	3,036
China Jicheng Holdings Limited ("CJHL")	594,000	624,000
Finsoft Financial Investment Holdings Limited ("FFIHL")	<u>2</u>	<u>18</u>
	<u><u>626,730</u></u>	<u><u>702,080</u></u>

\* *The figures are for illustration purpose only. In order to illustrate the fair value change of the held-for-trading investments as at 30 June 2015, the number of shares held in these five investments as at 28 August 2015 are assumed remain unchanged as at 30 June 2015.*

CFHL is principally engaged in independent financial advisory business, money lending business, proprietary investment business, asset management business and corporate finance advisory services. CFG is principally engaged in securities trading, investment holding and rendering of consultancy service. CNEFL is principally engaged in investing globally in both private and publicly listed enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of mainland China, Hong Kong, Macau and Taiwan. CJHL is principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers. FFIHL is principally engaged in provision of financial trading software solutions, provision of other internet financial platforms, provision of referral services, money lending business, securities investments and provision of corporate finance advisory services.

The held-for-trading investment has been increased from HK\$5.3 million as at 31 December 2014 to HK\$702.1 million as at 30 June 2015. The Group has recorded a gain on fair value changes of held for trading investments for the six months ended 30 June 2015 of approximately HK\$626.5 million (2014: nil) which was mainly arise from the gain on fair value change of investment in CJHL of approximately HK\$610.8 million.

However, the stock market in Hong Kong became volatile and thus the fair value of the held-for-trading investments as at 30 June 2015 on 28 August 2015 has decreased by 11%. Going forward, the Board consider the performance of the equities may remain susceptible to external market condition. In order to avoid concentration risk and keep reasonable spread of the Group's investments, the Board will maintain a diversified investment portfolio to cover a wide range of business sectors, including, but not limited to, companies engaged in sectors such as consumer services, insurance, banks, properties and construction etc.

Going forward, with a view to achieve better return and enhance the expansion of the Group, the Group will put greater effort to expand the existing business and look for potential investment opportunities that can leverage with the financial sectors. Directors are of the view that the securities brokerage business and provision of other financial services will become one of the main operating segments of the Group in future.

### 3. INDEBTEDNESS STATEMENT

#### **Bank Borrowings and Bank Overdrafts**

At the close of business on 31 October 2015, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this Prospectus, the Group had aggregate outstanding bank borrowings of approximately HK\$5,760,000 (of which HK\$4,271,000 are secured by a property of the Group and properties provided by a director of a subsidiary who is not a director of the Company). The entire bank borrowings are guaranteed by either personal guarantee provided by a director of a subsidiary who is not a director of the Company or The Government of the Hong Kong Special Administrative Region. The Group had aggregate bank overdrafts of approximately HK\$4,687,000. The entire amount are secured by a property of the Group and properties provided by a director of a subsidiary who is not a director of the Company and are guaranteed by personal guarantee provided by a director of a subsidiary who is not a director of the Company.

#### **Contingent Liabilities**

As at 31 October 2015, the Company and its subsidiaries, together with certain subsidiaries, which were disposed upon the disposal of the Group's Juvenile and Infant Products business in October 2014 ("Disposed Subsidiaries"), are in litigations with two independent third parties. The Company entered into the sale and purchase agreement pursuant to which the Company agreed to indemnify the buyer of the Disposed Subsidiaries against all losses and claims incurred by the Disposed Subsidiaries in connection with the two litigations described below.

- (i) During the year ended 31 December 2013, the Company, a wholly-owned subsidiary and certain Disposed Subsidiaries have been named as defendants in a United States District Court action in respect of an alleged breach of contractual undertakings for an amount of US\$2,222,000 (equivalent to approximately HK\$17,333,000). The trial date has not been set. The Directors, after considering that this litigation is in its early stage and the outcome of the proceedings is uncertain, are of the opinion that no provision for any potential liability should be made for the related claims in the consolidated financial statements as at 31 October 2015.
- (ii) During the year ended 31 December 2014, the Company, two of its wholly-owned subsidiaries and two of the Disposed Subsidiaries have been named as joint defendants together with, among others, Baby Trend, Inc. in a United

States District Court on the alleged faulty design in a car seat manufactured by the Group under the contract for Baby Trend, Inc. A trial date has not been set. The Directors, after considering that this litigation is in its early stage and the outcome of the proceedings is uncertain, are of the opinion that no provision for any potential liability should be made for the related claims in the consolidated financial statements as at 31 October 2015.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital, bank overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 31 October 2015.

#### **Subsequent Changes of Indebtedness**

The Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 October 2015 up to the Latest Practicable Date.

#### **4. WORKING CAPITAL SUFFICIENCY**

The Directors, after due and careful consideration, are of the opinion that after taking into account the present internal resources, external credit facilities and the proceeds from the Open Offer, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus, in the absence of any unforeseeable circumstances.

#### **5. MATERIAL ADVERSE CHANGE**

The Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Company were made up.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after the completion of the Open Offer.

### UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 June 2015 and taking into account certain assumptions.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustration purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group immediately had the Open Offer been completed as at 30 June 2015 or at any future date after completion of the Open Offer.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the consolidated net assets of the Group at 30 June 2015, as extracted from the published interim report of the Group for the six months ended 30 June 2015 and the adjustments described below.

Unaudited consolidated net assets of the Group as at 30 June 2015 <i>HK\$'000</i> <i>(note i)</i>	Adjustment for intangible assets of the Group as at 30 June 2015 <i>HK\$'000</i> <i>(note ii)</i>	Adjusted unaudited consolidated net tangible assets of the Group as at 30 June 2015 <i>HK\$'000</i>  <i>(A)</i>	Estimated net proceeds from the Open Offer based on 2,879,030,172 Offer Shares <i>HK\$'000</i> <i>(note iii)</i>  <i>(B)</i>	Adjusted unaudited pro forma consolidated net tangible assets of the Group after the Open Offer based on 2,879,030,172 Offer Shares <i>HK\$'000</i>  <i>(A)+(B)</i>
1,261,741	41,318	1,220,423	422,272	1,642,695

Adjusted unaudited consolidated net tangible assets of the Group as at 30 June 2015 before Open Offer per Share *(Note iv)* HK\$1.27

Adjusted unaudited pro forma consolidated net tangible assets of the Group as at 30 June 2015 immediately after the Open Offer per Share based on the aggregate of 959,676,724 Shares in issue as at 30 June 2015 and 2,879,030,172 Offer Shares *(Note v)* HK\$0.43

*Notes:*

- i. The unaudited consolidated net assets of the Group as at 30 June 2015 is extracted from the published interim report for the six months ended 30 June 2015.
- ii. The intangible assets represent the Group's goodwill arose from past acquisition of subsidiaries of approximately HK\$41,318,000 which are extracted from the published interim report for the six months ended 30 June 2015, of which 100% of the goodwill were attributable to owners of the Company.
- iii. The estimated net proceeds from the Open Offer are based on 2,879,030,172 Offer Shares being issued (based on 959,676,724 Shares in issue as at 30 June 2015 and on the basis of 3 Offer Shares for every 1 Share held) at a subscription price of HK\$0.15 per Offer Share, after deduction of the estimated expenses attributable to the Open Offer of approximately HK\$9,583,000 and the differences attributable to rounding.
- iv. The calculation of the adjusted unaudited consolidated net tangible assets of the Group as at 30 June 2015 before the Open Offer per Share is determined based on the adjusted unaudited consolidated net tangible assets of the Group as at 30 June 2015 of approximately HK\$1,220,423,000, divided by the number of Shares in issue as at 30 June 2015, i.e. 959,676,724 Shares.
- v. The calculation of the adjusted unaudited pro forma consolidated net tangible assets of the Group as at 30 June 2015 immediately after the Open Offer per Share is determined based on adjusted unaudited pro forma consolidated net tangible assets of the Group after the Open Offer of approximately HK\$1,642,695,000, being the aggregate of HK\$1,220,423,000 and HK\$422,272,000 (see Note (iii)), divided by 3,838,706,896 Shares which represents the sum of 959,676,724 Shares in issue as at 30 June 2015 and 2,879,030,172 Offer Shares (See Note (iii)).

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF LERADO GROUP (HOLDING) COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lerado Group (Holding) Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2015 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 27 November 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of 2,879,030,172 offer shares of par value of HK\$0.10 each at the subscription price of HK\$0.15 per offer share (the "Open Offer") on the basis of three offer shares for every one existing share held on the Record Date (as defined in the Prospectus) on the Group's consolidated net tangible assets as at 30 June 2015 as if the Open Offer had taken place at 30 June 2015. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the Directors from the Group's unaudited consolidated financial statements for the six months ended 30 June 2015, on which a review report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial

information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong,

27 November 2015

**1. RESPONSIBILITY STATEMENT**

The Prospectus Documents, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Prospectus Document is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or in the Prospectus Document misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and following the increase of authorised share capital of the Company; and (ii) immediately upon completion of the Open Offer are as follows:

**(i) As at the Latest Practicable Date and following the increase of authorised share capital of the Company**

*Authorised share capital:*

<u>1,000,000,000</u>	Shares	<i>HK\$</i> <u>100,000,000</u>
	new Shares upon completion of the increase in authorised share capital of the Company	<u>900,000,000</u>
10,000,000,000	Total Shares	1,000,000,000

- (ii) **Immediately upon completion of the Open Offer (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date):**

*Authorised share capital:*

	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>100,000,000</u>
new Shares upon completion of the increase in authorised share capital of the Company	900,000,000
<u>9,000,000,000</u>	<u>900,000,000</u>
10,000,000,000 Total Shares	1,000,000,000

*Issued and fully paid shares capital or credited as fully paid:*

	<i>HK\$</i>
959,676,724 Shares in issue as at the Latest Practicable Date	95,967,672.4
<u>2,879,030,172</u> Offer Shares to be issued	<u>287,903,017.2</u>
Shares in issue and fully paid immediately upon completion of the Open Offer (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date)	383,870,689.6
<u>3,838,706,896</u>	<u>383,870,689.6</u>

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

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All Shares in issue rank *pari passu* in all respects with each other including, in particular, as to rights to dividends, voting rights and return of capital.

The issued Shares are listed and traded on the Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

## 3. DISCLOSURE OF INTERESTS

## i. Directors

*(a) Directors' interests in the Company*

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives had interests and short positions in the Shares, the underlying Shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules:

*Long positions in the shares and underlying shares of the Company and its associated corporations*

Name of Director	Number of shares held as			Total interests	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
	Beneficial owner	Spouse interest	Corporate interest		
Mr. Huang Ying Yuan	2,966,000	1,234,000 <i>(Note 1)</i>	52,163,540 <i>(Note 2)</i>	56,363,540	5.87
Mr. Mak Kwong Yiu <i>(Note 3)</i>	600,000	—	—	600,000	0.06

*Notes:*

1. The spouse interest represents the shares held by Mrs. Huang Chen Li Chu, the spouse of Mr. Huang Ying Yuan.
2. The corporate interest represents the shares held by Intelligence Hong Kong Group Limited, which is controlled by Mr. Huang Ying Yuan and Mrs. Huang Chen Li Chu.
3. Mr. Mak Kwong Yiu, being an independent non-executive Director who resigned with effect from 2 November 2015.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFCO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange.

**(b) *Directors' interests in service contracts***

**Appointments**

Mr. Huang Ying Yuan has entered into service agreement with the Company for a period of three years commencing 1 December 1998 and will continue thereafter unless and until terminated by either party by three months' prior written notice.

**Resignation**

Mr. Mak Kwong Yiu resigned as independent non-executive Director with effect from 2 November 2015 because he would like to devote more time to his career advancement and personal commitments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

**(c) *Directors' interests in assets***

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired by or disposed of or leased to any member of the Group or are proposed to be acquired by or disposed of or leased to any member of the Group.

**(d) Directors' interests in contracts or arrangements**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into with any member of the Group which contract or arrangement is subsisting and which is significant in relation to the business of the Group.

**(e) Directors' interests in competing businesses**

As at the Latest Practicable Date, none of the Directors and their respective close associates have any interest in any businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses to which the Directors and their close associates were appointed to represent the interests of the Company and/or the Group.

**(ii) Substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, each of the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Company and were recorded in the register to be kept under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Gransing Securities (Note 1)	Beneficial owner	2,879,030,172	300.00
Oei Hong Eng (Note 1)	Interest of a controlled corporation	2,879,030,172	300.00

Name of shareholder	Capacity	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Que Bon Tan Gerald (Note 1)	Interest of a controlled corporation	2,879,030,172	300.00
Mr. David Michael Webb (Note 2)	Beneficial owner	76,938,000	8.02
Preferable Situation Assets Limited (Note 3)	Beneficial owner	50,750,000	5.29
Cai Xiao Jun (Note 4)	Beneficial owner	370,000,000	38.55
Guo Junhua (Note 5)	Beneficial owner	370,000,000	38.55
易東暉 (Note 6)	Beneficial owner	370,000,000	38.55
劉照新 (Note 7)	Beneficial owner	370,000,000	38.55
Asia Private Credit Fund Limited (Note 8)	Beneficial owner	370,000,000	38.55
Capital VC Limited (Note 9)	Interest of a controlled corporation	370,000,000	38.55
Ethnocentric Investment Limited (Note 9)	Interest of a controlled corporation	370,000,000	38.55
Like Capital Limited (Note 9)	Beneficial owner	370,000,000	38.55
China Automotive Interior Decoration Holdings Limited (Note 10)	Beneficial owner	75,000,000	7.82

## Notes:

- The Shares are the Offer Shares which Gransing Securities is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 75% when the Open Offer commences. These Shares are registered in the name of and beneficially owned by Gransing Securities, 50% and 50% of the issued share capital of Gransing Securities is owned by Oei Hong Eng and Que Bon Tan Gerald respectively. Under the SFO, each of Oei Hong Eng and Que Bon Tan Gerald is deemed to be interested in all the Shares held by Gransing Securities.
- Mr. David Michael Webb beneficially owns 26,188,000 Shares, and in addition he holds 50,750,000 Shares through Preferable Situation Assets Limited, which is 100% directly owned by him.

3. Preferable Situation Assets Limited is 100% owned by Mr. David Michael Webb.
4. The Shares are the Offer Shares which Cai Xiao Jun is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences.
5. The Shares are the Offer Shares which Guo Junhua is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences.
6. The Shares are the Offer Shares which 易東暉 is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences.
7. The Shares are the Offer Shares which 劉照新 is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences.
8. The Shares are the Offer Shares which Asia Private Credit Fund Limited is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences.
9. The Shares are the Offer Shares which Like Capital Limited is interested under the sub-underwriting agreement entered with Gransing Securities on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. On that basis, the relevant percentage of interest is expected to be 9.64% when the Open Offer commences. These Shares are registered in the name of and beneficially owned by Like Capital Limited. Like Capital Limited is directly wholly-owned by Ethnocentric Investment Limited which in turn indirectly wholly-owned by Capital VC Limited. Under the SFO, each of Ethnocentric Investment Limited and Capital VC Limited is deemed to be interested in all the Shares held by Like Capital Limited.
10. China Automotive Interior Decoration Holdings Limited owns 75,000,000 Shares through its wholly-owned Link Excellent Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company or a member of the Group) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of Shares.

#### 4. CORPORATE INFORMATION

##### **Board of Directors**

##### *Executive Directors*

Mr. Huang Ying Yuan

*(Chairman and Chief Executive Officer)*

Mr. Huang Shen Kai

Mr. Chen Chun Chieh

Mr. Lai Kin Chung, Kenneth

##### *Independent non-executive Directors*

Mr. Ye Jianxin

Mr. Chern Shyh Feng

Mr. Lam Chak Man

##### *Audit Committee*

Mr. Lam Chak Man *(Chairman)*

Mr. Ye Jianxin

Mr. Chern Shyh Feng

##### *Remuneration Committee*

Mr. Lam Chak Man *(Chairman)*

Mr. Ye Jianxin

Mr. Chern Shyh Feng

Mr. Lai King Chung, Kenneth

Mr. Huang Ying Yuan

##### *Nomination Committee*

Mr. Huang Ying Yuan *(Chairman)*

Mr. Chen Chun Chieh

Mr. Ye Jianxin

Mr. Chern Shyh Feng

Mr. Lam Chak Man

##### **Registered office**

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

<b>Head office and principal place of business in Hong Kong</b>	Unit 1-3 30/F Universal Trade Centre 3-5A Arbuthnot Road Central Hong Kong
<b>Company secretary</b>	Mr. Man Yun Wah
<b>Authorised representatives</b>	Mr. Chen Chun Chieh Unit 1-3 30/F Universal Trade Centre 3-5A Arbuthnot Road Central Hong Kong  Mr. Man Yun Wah Room 2105 21/F Office Tower Langham Place 8 Argyle Street Mongkok Kowloon Hong Kong
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Auditors</b>	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
<b>Principal Bankers</b>	Chinatrust Commercial Bank, Ltd 28/F., two International Finance Centre 8 Finance Street Central Hong Kong  The Hongkong and Shanghai Banking Corporation Limited Level 6, HSBC Main Building 1 Queen's Road Central Hong Kong

<b>Stock code</b>	1225
<b>Website</b>	<a href="http://www.irasia.com/listco/hk/lerado/index.htm">http://www.irasia.com/listco/hk/lerado/index.htm</a>

**5. PARTIES INVOLVED IN THE OPEN OFFER**

<b>The Company</b>	Lerado Group (Holding) Company Limited Unit 1-3 30/F Universal Trade Centre 3-5A Arbuthnot Road Central Hong Kong
<b>Underwriter</b>	Gransing Securities Co., Limited
<b>Financial adviser of the Company</b>	Octal Capital Limited 801-805, 8th Floor, Nan Fung Tower 88 Connaught Road Central Hong Kong
<b>Legal advisers to the Company</b>	Messers. Hua, Lau, Li & Yeung Unit 1303, 13th Floor Tower 1, Admiralty Centre 18 Harcourt Road Hong Kong
<b>Reporting Accountants</b>	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

**6. LITIGATION**

During the year ended 31 December 2013, the Company, a wholly-owned subsidiary and certain disposed subsidiaries have been named as defendants in a United States District Court action in respect of an alleged breach of contractual undertakings for an amount of US\$2,222,000 (equivalent to HK\$17,333,000). The next trial date has not been set for the case.

During the year ended 31 December 2014, the Company, two of its wholly-owned subsidiaries and two of the disposed Subsidiaries have been named as joint defendants together with, among others, Baby Trend, Inc. in a United States District Court on the alleged faulty design in a car seat manufactured by the Company under the contract for Baby Trend, Inc. A trial date has not been set. The directors of the Company, after considering that this litigation is in its early stage and the outcome of the proceedings is uncertain, are of the opinion that no provision for any potential liability should be made in these condensed financial statements.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

**7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this Prospectus:

- (i) 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; and
- (ii) the agreement dated 16 June 2014 entered into among the Company, a wholly-owned subsidiary of the Company, being the seller, and the buyers, being the Independents Third Parties, in relation to the disposal of subsidiaries of the Company.

**8. DIRECTORS****Executive Directors**

**Mr. HUANG Ying Yuan**, aged 65, is a founding member and the chairman of the Group. Mr. Huang has 39 years of experience in the infant products industry. Mr. Huang oversees the Group's strategic planning and has particular responsibility for marketing. Mr. Huang is the father of Mr. Huang Shen Kai, an executive director of the Company. Saved as disclosed herein, Mr. Huang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

**Mr. HUANG Shen Kai**, aged 38, joined the Group since March 2005 and has been working as the Group Vice President for the manufacturing business of the Group. Mr. Huang is responsible for the Group's management and business development in the PRC market. Mr. Huang holds a Bachelor's Degree of Business Administration from the Rochester University of Institute and a Master's Degree of Business Administration from the American University. Mr. Huang is the son of Mr. Huang Ying Yuan, chairman and chief executive officer of the Company.

**Mr. CHEN Chun Chieh**, aged 39, was appointed an Executive Director of the Company on 3 April 2008. Mr. Chen has been working for the Group since 2002. He obtained a master's degree in business administration from Lawrence Technical University, U.S.A. Mr. Chen is responsible for the strategic planning and finance of the Group.

**Mr. LAI Kin Chung, Kenneth**, aged 45, has over 20 years of solid investment background specializing in property investment, social service, and technology sectors in Taiwan and the PRC. Mr. Lai graduated from Curtin University of Technology with a Bachelor of Commerce (Marketing & Management) in Australia. He initially worked as a floor trader with Bank of China Group Securities Limited and worked for various investment banks as a dealer including Lippo Securities Holdings Limited, Dresdner Bank and Charles Schwab Hong Kong Securities Limited from 1994 to 2002 and acted as Head of Dealing and Sales Trading at SBI E2 — Capital Asia Securities Limited during 2003-2006. He continued his career in sales desks from 2006 to 2013 working for DBS Vickers (Hong Kong) Ltd., CCB International Securities Ltd., Agricultural Bank of China and Core Pacific-Yaimaichi International (HK) Ltd. From September 2013 to August 2014, he worked in a fund management company specialized in portfolio management and risk management. In addition, Mr. Lai has all-rounded experiences in securities advisory, corporate finance, corporate management and fund management. Mr. Lai has not held any other directorship in any listed public companies in the last three years. As at the Latest Practicable Date, Mr. Lai did not have any interest in the shares of the Company within the meaning of Part XV of the SFO and has no relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

#### **Independent non-executive Directors**

**Mr. YE Jianxin**, aged 62, has over 3 decades of experience acting as department head and general manager in different companies engaging in sales and marketing. He has extensive experience in managing large enterprises especially in the area of sales and marketing. Mr. Ye graduated from high school in China.

**Mr. CHERN Shyh Feng**, aged 48, is the founder and Chairman of Paralink Asset Management Asia Limited. Mr. Chern has extensive experience in banking, finance and accounting and held executive positions at several international financial institutions and listed companies. Mr. Chern obtained his Bachelor Degree in Accounting from the Ohio State University in United States of America and Master Degrees in Accounting and Business Administration in Finance respectively from the University of Illinois in United States of America. Mr. Chern has held executive positions at several investment banks, securities houses and asset management companies in Taiwan, Shanghai and Hong Kong. He was lecturer of Taiwan Securities and Futures Markets International Development Fund and Faculty of Banking and Finance of Tamkang University in Taipei. Mr. Chern was an independent non-executive director of the Company during the years from 2009 to 2014, therefore he is very familiar with the culture and operations of the Company.

**Mr. LAM Chak Man**, aged 34, is a practicing certified public accountant and is currently a director of Grandeur CPA Limited. Mr. Lam has extensive experience in the fields of auditing, accounting and finance. Mr. Lam graduated from Curtin University of Technology in Australia with a Bachelor Degree of Accounting and Finance. Mr. Lam is also a member of the Hong Kong Institute of Certified Public Accountants.

#### **9. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong).

#### **10. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Section 44A and 44B of the Companies (WUMP) Ordinance.

#### **11. EXPERT AND CONSENT**

The following sets out the qualifications of the experts who have given their opinions or advice as contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
Deloitte Touche Tohmatsu (“DTT”)	Certified Public Accountants

DTT has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and references to its name in the form and context in which it appear.

DTT does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

DTT does not have or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited accounts of the Group were made up.

## **12. EXPENSES**

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$9.46 million and are payable by the Company.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at Unit 1-3, 30/F, Universal Trade Centre 3-5A, Arbuthnot Road, Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of this Prospectus up to and including the Latest Time of Acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2014;
- (c) the interim report of the Company for the six months ended 30 June 2015;
- (d) the independent reporting accountants' assurance report on the compilation of pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (f) the letter from the Board, the text of which is set out in this Prospectus;

- (g) the service contract(s) or appointment letter(s) (as the case may be) entered into between the Company with the Directors referred to in paragraph headed “Director’s interest in service contracts or arrangements” in this appendix;
- (h) the written consent from DTT referred to in the section headed “Expert and Consent” of this appendix;
- (i) a copy of the circular dated 26 October 2015, in respect of the Open Offer which was published after 31 December 2014, being the date of the latest published audited accounts; and
- (j) this Prospectus.

**14. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Man Yun Wah. Mr. Man is an associate member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the Company’s principal place of business in Hong Kong is located at Unit 1-3, 30/F, Universal Trade Centre, 3-5A Arbuthnot Road, Central, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (e) In case of any inconsistency, the English text of this Prospectus shall prevail over its Chinese text.