
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Consolidated Shares in Lerado Financial Group Company Limited 隆成金融集團有限公司, you should at once hand this Prospectus and, if any, the accompanying PAL to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents referred to above.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

It is the responsibility of the Shareholders, including the Overseas Shareholders, to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares in their nil-paid or fully paid forms and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares in their nil-paid or fully paid forms.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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 this Prospectus.



Lerado Financial Group Company Limited

隆成金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE

Financial Adviser to the Company



Underwriters of the Rights Issue

MAK KWONG YIU



BLACK MARBLE
貝格隆集團

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Prospectus.

The Rights Issue is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" in the Letter from the Board of this Prospectus. In particular, the Rights Issue is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed.

The Consolidated Shares have been dealt in on an ex-entitlement basis from Tuesday, 16 August 2016. Dealings in the Rights Shares in the nil-paid form are expected to take place from 9:00 a.m. on Monday, 29 August 2016 to 4:00 p.m. on Monday, 5 September 2016 (both dates inclusive) while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriters prior to the Latest Time for Termination, the Rights Issue will not proceed. Any Shareholders or other persons contemplating buying or selling the Consolidated Shares and/or nil-paid Rights Shares up to the date when all the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Consolidated Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Thursday, 8 September 2016. The procedures for acceptance of and payment for the Rights Shares are set out on pages 28 to 30 of this Prospectus.

25 August 2016

CONTENT

	<i>Page</i>
EXPECTED TIMETABLE	ii
DEFINITIONS	1
TERMINATION OF THE UNDERWRITING AGREEMENT	6
LETTER FROM THE BOARD	7
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Event	2016
Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 29 August
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Monday, 29 August
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Monday, 29 August
First day and time of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 29 August
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 31 August
Last day and time of dealings in nil-paid Rights Shares.	4:00 p.m. on Monday, 5 September
Latest Time for Acceptance	4:00 p.m. on Thursday, 8 September
Latest Time for Termination	4:00 p.m. on Tuesday, 13 September
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Monday, 19 September
Temporary counter for trading in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Monday, 19 September
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	4:00 p.m. on Monday, 19 September
Announcement of the results of the Rights Issue	Tuesday, 20 September
Despatch of certificates for the fully-paid Rights Shares	Wednesday, 21 September
Despatch of refund cheques if the Rights Issue is terminated	Wednesday, 21 September
Last day of free exchange of existing certificates for new certificates for Consolidated Shares	Wednesday, 21 September

EXPECTED TIMETABLE

Expected first day of dealings in the fully-paid

Rights Shares 9:00 a.m. on Thursday, 22 September

All times and dates in this Prospectus refer to Hong Kong times.

Dates or deadlines specified in the 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 the Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place at 4:00 p.m. on Thursday, 8 September 2016 if there is a tropical cyclone warning signal no. 8 or above, or a ‘black’ rainstorm warning, if such circumstances are:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. The Latest Time for Acceptance will not take place at 4:00 p.m. on the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. The Latest Time for Acceptance will not take place on the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event as soon as possible.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 June 2016 relating to, among other things, the proposed Share Consolidation, the proposed Increase in Authorised Share Capital, the proposed Rights Issue and the EA Absence and the exempt connected transaction in relation to Underwriting Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Black Marble Securities”	Black Marble Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	circular of the Company dated 27 July 2016 in relation to, among other things, the Rights Issue
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Lerado Financial Group Company Limited 隆成金融集團有限公司, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1225)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company upon completion of the Share Consolidation

DEFINITIONS

“Director(s)”	director(s) of the Company for the time being
“EA Absence”	the absence of excess application arrangement under the proposed Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the increase in authorised share capital of the Company from HK\$1,000,000,000 (divided into 2,000,000,000 Consolidated Shares) to HK\$5,000,000,000 (divided into 10,000,000,000 Consolidated Shares) by the creation of an additional 8,000,000,000 unissued Consolidated Shares which was effective on Monday, 15 August 2016
“Independent Shareholder(s)”	Shareholders other than those who are required to abstain from voting at the SGM under the Listing Rules
“Independent Third Party(ies)”	third party (parties) independent of and not connected with the Company and its connected persons
“Last Trading Day”	29 June 2016, being the date of the Underwriting Agreement
“Latest Practicable Date”	22 August 2016, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 8 September 2016 (or such later time or date as may be agreed between the Underwriters and the Company in writing as the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus)
“Latest Time for Termination”	4:00 p.m. on Tuesday, 13 September 2016 (or such later time or date as may be agreed between the Underwriters and the Company in writing as the latest time to terminate the Underwriting Agreement)

DEFINITIONS

“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Huang”	Mr. Huang Ying Yuan, an executive Director
“Mr. Mak”	Mr. Mak Kwong Yiu, chairman of the Board, chief executive officer and an executive Director
“Mr. Mak Undertaking”	the irrevocable undertaking given by Mr. Mak in favour of the Company and Black Marble Securities, details of which are set out in the paragraph headed “Mr. Mak Undertaking” in this Prospectus
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of 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 Rights Shares to them
“Outstanding Options”	share options granted by the Company under the Share Option Schemes which entitle the holders thereof to subscribe for up to an aggregate 6,234,624 Consolidated Shares as at the Latest Practicable Date
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Previous Open Offer”	open offer on the basis of 3 offer shares for every 1 Share at the subscription price of HK\$0.15 per offer share as announced by the Company on 14 August 2015

DEFINITIONS

“Prospectus”	this prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s) in respect of the Rights Shares to be issued by the Company in relation to the Rights Issue
“Prospectus Posting Date”	Thursday, 25 August 2016 or such other date as the Underwriters may agree in writing with the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (as the case may be)
“Qualifying Shareholders”	the Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 24 August 2016, the date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights issue to the Qualifying Shareholders for the Rights Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in this Prospectus
“Rights Share(s)”	1,535,482,758 Consolidated Shares proposed to be offered to the Qualifying Shareholders under the Rights Issue for subscription on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance pursuant to the terms and subject to the conditions set out in the Underwriting Agreement and this Prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company held at 9:00 a.m. on Friday, 12 August 2016 to consider and approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder and the EA Absence
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Consolidation”	the consolidation of every five (5) Shares of HK\$0.1 each into one (1) Consolidated Share of HK\$0.5 each which was effective on Monday, 15 August 2016
“Share Option Schemes”	the share option schemes adopted by the Shareholders on 30 May 2002 and 28 May 2012 respectively
“Shareholder(s)”	holder(s) of the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.20 per Rights Share at which the Rights Shares are proposed to be offered for subscription under the Rights Issue
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriters”	Black Marble Securities and Mr. Mak
“Underwriting Agreement”	the underwriting agreement dated 29 June 2016 entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	1,535,218,758 Rights Shares
“Untaken Shares”	the Underwritten Shares which have not been taken up by the Qualifying Shareholders
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before the Latest Time for Termination:

- (A) the Underwriters shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriters) material in the context of the Rights Issue; or
- (B) there shall be:
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the Listing Rules); or
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriters:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriters may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriters thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

LETTER FROM THE BOARD



Lerado Financial Group Company Limited
隆成金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

Executive Directors:

Mr. MAK Kwong Yiu

(Chairman and Chief Executive Officer)

Mr. HUANG Ying Yuan *(Honorary Chairman)*

Mr. HUANG Shen Kai

Mr. CHEN Chun Chieh

Mr. LAI Kin Chung, Kenneth

Independent Non-executive Directors:

Mr. LAM Chak Man

Mr. YE Jianxin

Mr. CHERN Shyh Feng

Mr. HSU Hong Te

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal Place of Business
in Hong Kong:*

Unit 1-3, 30/F

Universal Trade Centre

3-5A, Arbuthnot Road

Central, Hong Kong

25 August 2016

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS
OF TWO RIGHTS SHARES FOR EVERY
ONE CONSOLIDATED SHARE HELD
ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue.

At the SGM held on Friday, 12 August 2016, the necessary resolution approving, among other things, the Rights Issue, was duly passed by the Independent Shareholders by way of poll.

The purpose of this Prospectus is to provide you with further information of the Rights Issue including information on dealings in and application for the Rights Shares, and certain financial and other information of the Group.

LETTER FROM THE BOARD

THE RIGHTS ISSUE

The Company proposes to raise approximately HK\$307.1 million (before expenses), by way of Rights Issue of 1,535,482,758 Rights Shares at the Subscription Price of HK\$0.20 per Rights Share on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date. The details are set out as follows:

Issue statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK\$0.20
Number of Consolidated Shares in issue as at the Latest Practicable Date:	767,741,379
Number of Rights Shares:	1,535,482,758 Rights Shares
Number of Rights Shares underwritten by the Underwriters:	1,535,218,758 Rights Shares
Number of Consolidated Shares in issue upon completion of the Rights Issue:	2,303,224,137 Consolidated Shares

Assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the completion of the Rights Issue, a total of 1,535,482,758 Rights Shares will be issued upon the completion of the Rights Issue, which represents 200.0% of the existing issued share capital of the Company and approximately 66.7% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 63.6% to the theoretical closing price of HK\$0.550 per Consolidated Share, based on the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 65.7% to the average theoretical closing prices of approximately HK\$0.583 per Consolidated Share, based on the average closing price of HK\$0.1166 per Share as quoted on the Stock Exchange for the last five consecutive trading days including and up to the Last Trading Day and adjusted for the effect of the Share Consolidation;

LETTER FROM THE BOARD

- (iii) a discount of approximately 36.9% to the theoretical ex-entitlement price of approximately HK\$0.317 per Consolidated Share after the Rights Issue, based on the theoretical closing price of HK\$0.550 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a discount of approximately 15.6% to the closing price of HK\$0.237 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters with reference to the prevailing market price of the Shares, the theoretical ex-entitlement price of the Consolidated Shares.

Apart from the aforesaid, in coming up with the current subscription ratio for the Rights Issue and the Subscription Price, the Company has also considered the following factors:

- (i) the subscription ratio for the Rights Issue is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;
- (ii) during negotiation of the Underwriting Agreement, it has been indicated to the Company that it is essential for setting the Subscription Price at a relatively deep discount for inducing the Underwriters to provide underwriting services under the Rights Issue and attracting all of the Qualifying Shareholders to participate in the Rights Issue;
- (iii) the downward trend of the prevailing trading prices of the Shares in the past six months which decreased from HK\$0.15 on 30 December 2015 to HK\$0.11 on the Last Trading Day, representing a decrease of approximately 26.7%;
- (iv) the Company has approached two securities houses in the course of considering the Rights Issue. Each of the aforesaid securities house requested for underwriting commission of 3% or above for the proposed Rights Issue given the size of the Rights Issue and the Company's business scale. Such amount of underwriting commission exceeds underwriting commission of 2% under the Previous Open Offer. Furthermore, the underwriters approached by the Company required deep discount in Subscription Price for providing the underwriting service. In view of the high underwriting commission requested by the aforementioned securities houses and to avoid significant discount in the Subscription Price which is not beneficial to the Shareholders, the Company eventually approached the Underwriters, namely, Black Marble Securities (being an indirect wholly-owned subsidiary of the Company) and Mr. Mak (an executive Director) and the only available underwriters agreed to provide underwriting service for the Rights Issue in a fully underwritten basis with underwriting commission lower than that under the Previous Open Offer;

LETTER FROM THE BOARD

- (v) 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, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares;
- (vi) under the Rights Issue, 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 Rights Issue, they will be subscribing the Rights Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (vii) the Rights Issue is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Rights Issue;
- (viii) inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders did not take up their entitlements under the Rights Issue in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Rights Shares; and
- (ix) although the Rights Issue has an inherent dilutive nature, it is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Rights Issue and the Underwriters has also undertaken to the Company that none of the persons to be procured by the Underwriters to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Rights Issue.

In view of the above, the Board considers the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the theoretical closing price of the Consolidated Shares on the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate 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. However, those Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted. If all the Qualifying Shareholders do not take up the Rights Shares to which they are entitled and the Underwriters take up all the Rights Shares, the percentage of shareholding of the existing public Shareholders will be reduced from approximately 94.1% to approximately 31.4%, representing a dilution effect on the shareholding interests of approximately 66.7% as a result of the Rights Issue. Moreover, the dilution impact on shareholding after taking into account the monetary effect of the Rights Issue (estimated based on discount of the Subscription Price to the theoretical closing price of the Consolidated Shares on the Last Trading Day) was approximately 42.4%.

LETTER FROM THE BOARD

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.196.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders.

Rights of the Overseas Shareholders

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

Based on the register of members of the Company as at the Record Date, there were 6 Overseas Shareholders in aggregate with its address registered in Taiwan and the PRC, with an aggregate shareholding of 8,400 and 2,800 Consolidated Shares respectively, representing approximately 0.001% and 0.0004% of the issued share capital of the Company. Pursuant to Rule 13.36(2) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdiction and has obtained advice that the Rights Issue can be extended to the Overseas Shareholder in Taiwan and the PRC.

Basis of provisional allotment

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Status of the Rights Shares

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

Fractions of Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

LETTER FROM THE BOARD

Certificates of the Rights Shares and refund cheques

Subject to fulfillment of the conditions of the Rights Issue, certificates for the fully-paid Rights Shares are expected to be despatched on or before Wednesday, 21 September 2016 to those entitled thereto by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques are expected to be despatched on or before Wednesday, 21 September 2016 by ordinary post at the respective Shareholders' own risk.

No application for excess Rights Shares

No Qualifying Shareholder is entitled to apply for any Rights Shares which are in excess to his/her/its entitlement. Any Rights Shares not taken up by the Qualifying Shareholders, and the Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Rights Issue, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriters.

The Directors hold the view that the Rights Issue allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriters, and taking into account that if application for excess Rights Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. The Board estimates that an additional cost of approximately HK\$100,000 will have to be put in for the administration of the excess application procedure (including preparing and arranging the excess application, reviewing the relevant documents, liaising with professional parties and printing of application forms, etc.) and considers that such additional administrative efforts and cost would outweigh the benefits of the Shareholders' rights for the excess application and therefore not cost-effective. Taking into account that for year ended 31 December 2015, (i) the Group recorded net cash used in operation activities of over HK\$200 million; and (ii) despite the Group recorded profit from continuing operation of approximately HK\$295.2 million, it is mainly attributable to other gains and losses of approximately HK\$377.5 million. Among the other gains and losses recorded, it is mainly attributable to the unrealized fair value changes of held-for-trading investments of approximately HK\$380.5 million. After excluding the other gains and losses, the Group still recorded loss from its operations. In this connection, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising exercise.

The absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Rights Shares in excess of their assured entitlements. However, the aforesaid should be balanced against the fact that (i) the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Rights Shares

LETTER FROM THE BOARD

and participate in the Rights Issue; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Rights Issue; and (iii) the absence of excess application would avoid additional effort and costs to administer the excess application procedures.

In view of the foregoing, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

During the negotiation of the Underwriting Agreement, there has been discussion among the Company and the Underwriters regarding the possibility of arrangement for disposing of those Rights Shares not taken up by the Qualifying Shareholders (the “**Untaken Rights Shares**”) in the market, if possible, for the benefit of the Qualifying Shareholders (the “**Relevant Arrangement**”).

Under the Rights Issue, proceeds from the Rights Issue shall have been received by the Company by no later than the date of announcement of results of the Rights Issue (the “**Rights Issue Results Date**”). As such, if the Relevant Arrangement is proposed, it will involve the Underwriters to use their reasonable endeavours to procure acquirers, prior to the Rights Issue Results Date, for all (or as many as possible) of the Untaken Rights Shares if a premium over the aggregate of the Subscription Price and the expenses of procuring such acquirers (including but not limited to any applicable brokerage, transaction levies, trading fees, commissions and currency conversion costs) can be obtained. Notwithstanding the above, the Underwriters may cease to endeavour to procure any such acquirers if in the opinion of the Underwriters, it is unlikely that any such acquirers can be so procured at such a price by such time. If and to the extent that any acquirers cannot be procured on the basis outlined above, those Untaken Rights Shares will be taken up by the Underwriters pursuant to the Underwriting Agreement or by sub-underwriters or placees procured by the Underwriters in order that proceeds from the Rights Issue shall have been received by the Company by no later than the Rights Issue Results Date.

The Underwriters indicated that given that (i) it will involve additional time and effort in procuring and negotiating with potential acquirers for the Relevant Arrangement and the degree of success will be uncertain; (ii) the Underwriters consider that it is a rare practice for the Underwriters to provide Relevant Arrangement in provision of underwriting services under a rights issue; and (iii) it will be difficult for the Underwriters to determine the price level for procuring potential acquirers which shall exceed the aggregate of the Subscription Price and expenses for procuring acquirers, they will not provide the Relevant Arrangement. In addition, the Underwriters are of the view that the likelihood of the Relevant Arrangement in procuring acquirers successfully for providing benefits to the Qualifying Shareholders within the required timeframe of not more than seven Business Days (being a period between the Latest Time for Acceptance and the Rights Issue Results Date) will be remote after taking into account (i) short duration of not more than seven Business Days between the Latest Time for Acceptance and the Rights Issue Results Date for identifying potential acquirers to subscribe for the Untaken Rights Shares at a price higher than the Subscription Price; (ii) the Group recorded net loss for year ended 31 December 2013 and 2014 and only turnaround in year 2015. Despite the Group

LETTER FROM THE BOARD

recorded profit from continuing operation of approximately HK\$295.2 million for the year ended 31 December 2015, a substantial portion is attributable to increase in fair value for held-for-trading investments of approximately HK\$380.5 million, which are unrealized gain and will not bring in immediate cash inflow until disposal. After excluding the aforesaid fair value change for held-for-trading investments, the Group recorded loss from its operations. Furthermore, the Group recorded net cash outflow from operating activities of HK\$235.8 million for year ended 31 December 2015. For year ended 31 December 2014 and 2015, except for a special dividend declared by the Company in November 2014 as a result of completion of a very substantial disposal of the Group, the Company did not declare any dividend. As such, the Company did not have a stable dividend payout history given its business and financial performance. In addition, the shares of the Company recorded a downward price trend in the past six months which decreased from HK\$0.15 on 30 December 2015 to HK\$0.11 on the Last Trading Day, representing a decrease of approximately 26.7%. In addition, shares of the Company has thin trading liquidity as illustrated by average trading volume of shares for the last 30 consecutive trading days including and up to the Last Trading Day (i.e. 18 May 2016 to 29 June 2016) was less than 0.6% of total number of issued shares of the Company. In view of the foregoing, the financial performance, financial position, dividend payout history, share price performance with downward price trade and thin trading liquidity affected the overall market recognition towards the Company and shareholders base of the Company coupling with client base of the Underwriters, it may not facilitate the Underwriters to procure acquirers successfully. As such, there will not be any Relevant Arrangement under the Rights Issue.

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to subscribe or procure subscription for the Rights Shares which have not been taken up by the Qualifying Shareholders.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). The trading board lot size of the Rights Shares (in both nil-paid and fully-paid forms) is 20,000 Consolidated Shares.

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. Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms 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 Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any settlement day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong maintained by the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

Taxation

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of applying for, holding, disposing of or dealing in the Rights Shares in both their nil-paid and fully paid forms. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility of any tax effects or liabilities of holders of the Rights Shares resulting from the application for, holding, disposal of, or dealing in the Rights Shares in both their nil-paid and fully paid forms.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	29 June 2016 (after trading hours)	
Underwriters:		Number of Underwritten Shares to be underwritten pursuant to the Underwriting Agreement
	Mr. Mak	216,676,320 Rights Shares
	Black Marble Securities Limited	1,318,542,438 Rights Shares (the “ Black Marble’s Underwriting Commitment ”)
Total number of Rights Shares:	1,535,482,758 Rights Shares	
Total number of Rights Shares underwritten by the Underwriters:	all the Rights Shares (other than 264,000 Rights Shares undertaken to be taken up by Mr. Mak under the Mr. Mak Undertaking), being 1,535,218,758 Rights Shares	
Underwriting commission:	1.5%	

The Rights Issue is fully underwritten by the Underwriters. Black Marble Securities is an indirect wholly-owned subsidiary of the Company. Mr. Mak is an executive Director.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Black Marble Securities does not hold any Consolidated Shares. As Black Marble Securities is a wholly-owned subsidiary of the Company, it will not hold any Untaken Shares after completion of the Rights Issue. In discharging its obligation under the Underwriting Agreement, Black Marble Securities has entered into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the entire Black Marble's Underwriting Commitment, with selected subscribers with such authority and rights as it has pursuant to its appointment under the Underwriting Agreement. As at the Latest Practicable Date, Black Marble Securities has entered into sub-underwriting agreements with six sub-underwriters for an aggregate sub-underwriting commitment of a maximum of 1,331,011,686 Rights Shares, which exceeds Black Marble's Underwriting Commitment of 1,318,542,438 Rights Shares under the Rights Issue. Each of the sub-underwriters and its respective ultimate beneficial owners (if applicable) is Independent Third Party. Each of the sub-underwriters has undertaken to Black Marble Securities that (i) it will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code in respect of performing its obligations under the sub-underwriting agreement; (ii) it will procure subscribers who are independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the Listing Rules are complied with; (iii) none of the persons to be procured by the sub-underwriter to subscribe for the Untaken Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company immediately after completion of the Rights Issue; and (iv) will use its reasonable endeavours to ensure that the subscribers for the Untaken Shares are independent of and not connected with the Company and its connected persons and are not a party acting in concert with each other.

To demonstrate Mr. Mak's support for the Rights Issue and his commitment to and confidence in the prospects and sustainable development of the Group over the long run, Mr. Mak provided the Mr. Mak Undertaking and acted as the underwriter of the Rights Issue. In the course of determining the respective portion of underwriting commitment of the Underwriters, after arm's length negotiation among Black Marble Securities, Mr. Mak and the Company, the parties mutually agreed that Black Marble Securities will take up remaining portion of the Underwritten Shares not underwritten by Mr. Mak. In arriving at the number of Underwritten Shares to be underwritten by Mr. Mak, it has taken into account (i) funding required for him in taking up his assured entitlements under the Rights Issue under Mr. Mak Undertaking; (ii) amount of underwriting commitment for him to act as the underwriter of the Rights Issue; and (iii) Mr. Mak's financial position, investment objective and investment portfolio. After determining underwritten commitment of Mr. Mak, the remaining portion of the Underwritten Shares are underwritten by Black Marble Securities.

The Board (excluding Mr. Mak who are required to abstain from voting on relevant Board resolution by virtue of him having a material interest in the Rights Issue and the Underwriting Agreement) considers the terms of the Underwriting Agreement including the commission rate accord with market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for Mr. Mak Undertaking, the Board had not received any information or irrevocable undertaking from its substantial Shareholder of its intention to take up its assured entitlements under the Rights Issue.

Mr. Mak Undertaking

As at the Latest Practicable Date, Mr. Mak, being an executive Director and one of the Underwriters, who owns 132,000 Consolidated Shares, has irrevocably undertaken to the Company that (i) he will not, within the period commencing from the date of the Underwriting Agreement and ending on the seventh (7th) Business Day after the Latest Time for Acceptance, transfer or otherwise dispose of, or create any right in respect of any Consolidated Shares held by him, and (ii) subject to the fulfillment (or waiver) of the conditions of the Rights Issue and the Underwriting Agreement not having been terminated in accordance with its terms, he will take up his entitlement under the Rights Issue.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the Share Consolidation and the Increase in Authorised Share Capital becoming effective;
- (b) the passing by the Independent Shareholders at the SGM of the necessary resolution(s) approving, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Rights Issue Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (d) the posting of the Rights Issue Documents to the Qualifying Shareholders;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms;
- (f) compliance and performance by the Company of all its undertakings and obligations under the Underwriting Agreement; and
- (g) compliance with and performance of all undertakings and obligations of Mr. Mak under the Mr. Mak Undertaking;

LETTER FROM THE BOARD

and that in the event of the above conditions (a) to (g) not being fulfilled on or before the Latest Time for Termination (or such later date or dates as may be agreed between the Company and the Underwriters) or if the Underwriting Agreement shall be rescinded pursuant to the Underwriting Agreement, all obligations and liabilities of the parties to the Underwriting Agreement shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches as prescribed in the Underwriting Agreement).

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

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in investment holding, providing financial services including, among others, securities broking, margin financing and money lending; manufacture and distribute children plastic toys and medical care products like mobility aid and other medical equipment.

The Group commenced its securities brokerage and money lending business in July 2015 and began to contribute to the Group's business operation. As disclosed in the Company's 2015 annual report for the year ended 31 December 2015 (the "**2015 Annual Report**"), segment revenue of the Group's securities brokerage, money lending and other financial service (the "**Existing Financial Business**") aggregated to approximately HK\$36.4 million, representing approximately 20.6% of the Group's total revenue. In addition, despite segment loss of approximately HK\$10.0 million recorded by the Group for the year ended 31 December 2015, the Existing Financial Business recorded segment profit of approximately HK\$25.3 million. As such, business performance of the Existing Financial Business which recorded segment profit had outperformed the Group's non-financial business which recorded segment loss for year ended 31 December 2015.

As indicated in the 2015 Annual Report, in order to achieve better return and enhancing the expansion of the financial sectors of the Group, the Company will focus on the existing businesses and investment in securities market, and wish to participate in providing other financial services which can leverage with the Group's existing financial sectors and aim at extending the Group's financial businesses to the market of Mainland China.

Owing to the nature of the Existing Financial Business, the Group requires extensive cash to grow and for its business operation for generating income stream. According to the 2015 Annual Report, despite the Group recorded profit from continuing operation of approximately HK\$295.2 million, a substantial portion is attributable to increase in fair value for held-for-trading investments of approximately HK\$380.5 million, which are unrealized gain and will not bring in immediate cash inflow until disposal. After excluding the aforesaid fair value change for held-for-trading investments, the Group recorded loss from its operations. Furthermore, the Group recorded net cash outflow from operating activities of HK\$235.8 million for year ended 31 December 2015 as compared with a net cash inflow of approximately HK\$44.2 million in 2014.

LETTER FROM THE BOARD

As at 30 April 2016, based on the unaudited consolidated management accounts of the Group, the Group had cash and cash equivalent of approximately HK\$472.3 million. Subsequently, the Group received proceeds of approximately HK\$127.3 million from issue of bonds. Subsequent to 30 April 2016 and prior to completion of the Rights Issue, which is estimated to take place in September 2016, the Company estimates that an aggregate of approximately HK\$313.2 million (excluding the funding needs of the Possible Acquisition (as defined below)) will have been utilized by the Group as follows: (i) approximately HK\$179.1 million was lent out to 12 clients through Black Marble Capital Limited; (ii) on 18 May 2016 the Group had provided a capital injection of approximately HK\$56.0 million to Black Marble Securities for financing its operation. As at Latest Practicable Date, Black Marble Securities has 18 potential margin clients requesting approximately HK\$140 million; (iii) approximately HK\$39.4 million will be used for settlement of cash consideration in relation to the acquisition of an online automotive financing and wealth management platform “Qianneizhu” in the PRC, tentatively in September 2016. Details are set out in the announcement of the Company dated 31 March 2016; and (iv) approximately HK\$38.7 million was used for settlement of cash consideration in relation to the acquisition of property interest in Hong Kong which was completed on 26 July 2016. Details are set out in the announcements of the Company dated 19 April 2016 and 26 July 2016 respectively. Furthermore, as stated in the announcement of the Company dated 22 March 2016, the Group has entered into the memorandum of understanding in relation to a possible acquisition of properties by way of cash for not more than HK\$140 million (the “**Possible Acquisition**”). As such, the Group considers that it is essential for it to have readily available fund for financing the Possible Acquisition should it become materialized.

After considering actual and proposed funding needs (including the funding needs of the Possible Acquisition) as shown above, the cash and cash equivalent of the Group will be reduced to approximately HK\$146.4 million, which will be less than the operating cash outflow of the Group for the year ended 31 December 2015 of over HK\$200 million, the Directors are of the view that such amount will not be sufficient to satisfy the Group’s funding needs for its business operation and future development.

The gross proceeds from the Rights Issue will be approximately HK\$307.1 million. The net proceeds from the Rights Issue after deducting the estimated expenses are estimated to be approximately HK\$301.0 million. The Company intends to apply net proceeds from the Rights Issue as to (i) approximately HK\$150.0 million in aggregate for seed capital investment for the Proposed Portfolio (as defined below) and operation of asset management business. The Group is in the process of applying for a license for carrying out the Type 9 (asset management) regulated activity under the SFO; (ii) approximately HK\$80.0 million for developing the finance lease business in the PRC; and (iii) the remaining balance of approximately HK\$71.0 million for financing the operation of the Group’s existing securities brokerage, margin financing and money-lending business.

LETTER FROM THE BOARD

(i) Development of asset management business

The Group has established a company on 2 July 2015 for carrying out asset management business (the “**Asset Management Company**”). The Asset Management Company intends to serve institutional and high net worth individuals, who are within the definition of “professional investor” under the SFO. The Asset Management Company is in the process of applying for a license for carrying out the Type 9 (asset management) regulated activity under the SFO (the “**Asset Management Licence**”). The Company estimates that the Asset Management Licence will be granted to the Asset Management Company by September 2016.

Furthermore, the Company has already obtained the necessary approvals and has set up Black Marble Global Investment Fund SPC (the “**Fund**”), an exempted segregated portfolio company incorporated in the Cayman Islands. As a segregated portfolio company, the Fund can operate segregated portfolios. Essential partners required prior to the launch of a segregated portfolio of the Fund includes, (i) portfolio manager, which is responsible for implementing investing strategy and managing trading activities of a segregated portfolio; (ii) investment adviser, which is responsible for making investments on behalf of, and/or providing advice to, the segregated portfolio; (iii) administrator, which served as a third-party administrator is to independently calculate the net asset value of the segregated portfolio; (iv) custodian, which is responsible for holding and safeguarding the investments owned within the segregated portfolio; and (v) auditor, which is responsible to audit the books and records as at the end of each financial year. The Group intends to launch a proposed segregated portfolio (the “**Proposed Portfolio**”) to be operated by the Fund where the Asset Management Company will act as the investment adviser once it has obtained the Asset Management Licence (tentatively in September 2016), being a pre-requisite for it to carry out its duty as the investment adviser of the Proposed Portfolio. If such license cannot be obtained in September 2016, in order to pursue the Group’s proposed asset management business, the Directors will also consider to jointly co-operate with or appoint other experienced asset management company with good track record as the investment adviser.

Apart from the Asset Management Company, other essential partners (including portfolio manager, administrator, custodian and auditor) for the launch of the Proposed Portfolio have also been identified. Since the Fund has already been established, the Proposed Portfolio could be launched upon completing the filing and registration procedures, which is expected to be completed within one month. As such, it is anticipated that regulatory approval for launch of the Proposed Portfolio will be completed by around October 2016. Therefore, the Company requires readily available funding for investing in the Proposed Portfolio once the regulatory approval is obtained and to seize suitable investment opportunities in a timely fashion to provide investment return to the Group and the Shareholders.

LETTER FROM THE BOARD

Key information of the Proposed Portfolio is as follows:

Fund name:	The Fund
Place of incorporation:	Cayman Islands
Portfolio Name:	The Proposed Portfolio, its name will be determined upon obtaining the Asset Management Licence
Investment objective:	The investment objective of the Proposed Portfolio is to generate returns over the short to long term through investing in the Hong Kong listed securities
Investment strategy:	Invest in Hong Kong listed securities applying extensive knowledge of the Hong Kong equity markets, together with rigorous quantitative and fundamental analysis of individual companies
Target size of the Proposed Portfolio:	HK\$500 million at 1st anniversary of the establishment of the Proposed Portfolio
Proposed portfolio manager:	Black Marble Capital Management Limited
Proposed investment advisor:	The Asset Management Company
Target investors:	For professional investors only

The assets of the Proposed Portfolio will be actively managed to invest in various industries to enable the Proposed Portfolio to achieve its investment objective.

Proposed application of net proceeds from the Rights Issue for asset management business

Upon obtaining the Asset Management Licence and proceeds from the Rights Issue, the Company intends to apply approximately HK\$150.0 million for its development of asset management business, of which (i) approximately HK\$10.0 million will be applied by last quarter of 2016 for operation of asset management business; and (ii) approximately HK\$140.0 million will be applied as seed capital for investing in the Proposed Portfolio which is proposed to be launched in October 2016.

LETTER FROM THE BOARD

The expected initial investment distribution of the seed capital of approximately HK\$140.0 million for the Proposed Portfolio is as follows:

Sector	Approximate weighting (%)
Industrial	10%
Health and pharmaceutical	20%
Retail	10%
Communication technology	10%
Real estates	10%
Financial services	20%
Software and information technology	10%
Others	<u>10%</u>
Total	<u><u>100%</u></u>

The Company will regularly review and monitor the performance of each sector and will invest according to the above investment strategy and objective of the Proposed Portfolio with the seed capital within 3 months after the injection.

As an initial start, it is essential for the Proposed Portfolio to demonstrate outstanding performance for attracting new investors for the Proposed Portfolio for scaling up to its targeted portfolio size. Upon attracting new investors for the Proposed Portfolio, the Group will receive a fixed management fee and variable performance fee from the investors.

Apart from the Proposed Portfolio, the Asset Management Company also intends to act as investment advisor and/or investment manager for those segregated investment portfolio(s) which may be launched by the Fund from time to time (the “**Possible Portfolio(s)**”) with specific investment objective to cater for different risk appetite of investors. The Possible Portfolio(s) would invest in companies listed in established stock markets and/or with portfolios of other investment relating to a wide spectrum of industries, including pre-IPO investments. It is expected that the Possible Portfolio(s) will be predominantly Hong Kong listed shares but will also include bonds, warrants, options, futures contract, unit trusts, mutual funds, pre-IPO investments and other derivatives (whether listed or unlisted) mainly in the Hong Kong securities and futures markets.

No definitive agreement had been entered into by the Company in respect of the investment for the Proposed Portfolio. Further, up to the Latest Practicable Date, the Group had not yet identified any specific strategic investments in any investment target. Notwithstanding the above,

LETTER FROM THE BOARD

the Group may at any time and from time to time explore, pursue and/or proceed with investment(s) and/or launch of Possible Portfolio(s), as and when opportunities arise which are considered beneficial to the Group.

Mr. Mak, the chairman and executive Director, will be responsible for supervising the asset management business of the Group. Mr. Mak will take the lead role of the asset management business, which he was previously the group's chief executive officer and executive director of Convoy Financial Holdings Limited, a sizeable financial company which issued shares are listed on the main board of the Stock Exchange. Mr. Mak has all-rounded experiences in financial industry in Hong Kong and the PRC for over 15 years including but not limited to corporate finance, money lending, assets management and securities advisory, which demonstrated his knowledge and experience formed a major part in developing the business.

In addition, the two responsible officers (the "**Proposed ROs**") of the Asset Management Company possess profound working experience in managing asset management business. Each of the Proposed ROs has around 4 years of experience in acting as responsible officer for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. One of the Proposed ROs has over 15 years of working experience and has been acted as managing director of an asset management company. The Proposed ROs possess profound working experience in respect of (i) supervising the operation of and formulating investment strategy of assets management business for both fund management and discretionary account management; (ii) managing a number of fund portfolios in terms of assets allocation, risk monitoring, portfolio analysis and evaluating fund performance; (iii) managing various investment products including but not limited to securities, futures, warrants, options, swaps and OTC products, etc. not only in Hong Kong but with a global market coverage.

(ii) **Development of finance lease business in the PRC**

The Directors consider to setup a finance leasing company in the PRC to collaborate with the Group's existing financial services business for expanding the Group's existing financial business to the market of PRC. As at the Latest Practicable Date, the Group is in the process of applying the PRC finance leasing license in Shanghai through a wholly-owned subsidiary (the "**Shanghai Company**"). To the best estimation of the Directors, the license will be granted in September 2016.

The Company plans to invest HK\$80 million by third quarter of 2016 as capital contribution to the Shanghai Company and for financing operation of PRC finance leasing business.

The registered capital of Shanghai Company will be RMB100 million, which will be partially funded by the Group's internal resources. According to the Measures on the Administration of Foreign Investment in the Leasing Industry (外商投資租賃業管理辦法), total assets of a foreign-funded financial leasing company should not be less than US\$5 million (equivalent to approximately HK\$39 million). In addition, according to the Measures on the

LETTER FROM THE BOARD

Financial Support on Promoting the Development of Leasing Company in Pudong (浦東新區促進融資租賃企業發展財政扶持辦法), Shanghai Company will enjoy a RMB5 million subsidy from the government if the registered capital is RMB100 million. Therefore, the Directors considered to invest RMB100 million (equivalent to approximately HK\$120 million) as the registered capital of Shanghai Company given that it would provide more flexibility in operating the business and benefit from the government subsidy.

The Group estimated that the first 20% of the registered capital (equivalent to approximately HK\$24 million) will be injected to the Shanghai Company within 30 days upon the business license of Shanghai Company was granted (“**First Injection**”). It is expected that such license will be granted in September 2016. The remaining 80% of the registered capital (equivalent to approximately HK\$96 million) will be injected in Shanghai Company within the next 30 days after the First Injection, which shall be satisfied by the net proceeds from the Rights Issue and partially funded by internal resources of the Group.

The Shanghai Company is required to obtain (i) the Certificate of Approval for Enterprises Invested by the Chinese from Taiwan Hong Kong and Macau of the People’s Republic of China; and (ii) the Business License for an Enterprise as a Legal Person. Save for the licenses mentioned above, the Shanghai Company does not need to obtain any further license/permit/approval for its business. The Directors do not foresee any material obstacle in obtaining such licenses at this stage. In order to pursue the Group’s proposed business development in the PRC finance lease business, the Directors will also consider to acquire PRC finance lease company should suitable opportunities arise.

Upon obtaining the required licenses, the Shanghai Company will first participate in motor vehicles finance leasing business to generate stable income stream. Thereafter, it will further tap into finance leasing business in various sectors, including but not limited to transportation equipment, such as ships, other medical equipment, high-end diagnostic equipment and other industrial machinery and equipment in future.

For the nature of sales channel, at the preliminary stage of the business, Shanghai Company does not plan to establish an online platform when the customer base is not strengthened and extra cost will be incurred. Instead, the Shanghai Company will identify potential customers based on referral, market research and advertising. Currently, Shanghai Company approaches potential customers for the leasing service and expects that the number of potential customers will increase after the marketing campaign which will be launched in October 2016. Shanghai Company expects the marketing cost will be approximately HK\$3 million, mainly for recruiting experienced marketing staff that focuses on customer relationship development, preparation of analytical reports that summarize the details of finance lease terms to potential customers.

The Shanghai Company targets to commence its business in Shanghai as the starting point and will further expand to Shenzhen in the near future.

LETTER FROM THE BOARD

Shanghai Company will focus on potential customers which have stable income stream and with good credit history. Shanghai Company will also focus on establishing cooperative relationship with good-quality, large and medium-sized enterprises. On the other hand, Shanghai Company will cooperate with large sized automotive suppliers in order to provide a wide variety of products to customers.

In carrying out the finance lease business, the Shanghai Company will have to purchase assets for leasing to potential lessees where Shanghai Company will receive periodic lease payments in return. At the end of the first year of business, the Shanghai Company targets to attain an asset size of approximately RMB100 million.

Shanghai Company will first purchase the motor vehicles upon the request of the customers from the automotive suppliers and lease to the customers. The customers will initially pay 20% to 30% of the principal as leasing deposit and handling charges after entering into the leasing agreement with Shanghai Company. In normal circumstances, the leasing period will be 1 to 3 years and the customers will pay the rental fee to Shanghai Company on a monthly basis. Shanghai Company will own the ownership of the motor vehicles during the leasing period and will exercise the repurchase mechanism with the automotive suppliers if the customers did not pay for the rental fee. Meanwhile, the maintenance and repairment cost of the motor vehicles will be borne by the customers and Shanghai Company will transfer the ownership to the customers after the leasing period.

The Shanghai Company is recruiting 10 to 15 potential marketing staff that have extensive experience in customer relationships and marketing.

The Shanghai Company will also setup a credit assessment team of 5 potential credit assessment staff that have concrete knowledge and experience in credit assessment in order to keep the risky assets at a tolerate level and minimize the credit risk impact. The team will mainly focus on finance lease application, due diligence including but not limited to conducting credit analysis of financial position, collateral quality, repayment ability and credit profiling of the lease and quotation of finance lease terms. The team will also closely monitor the repayment, the leased assets information and the provision of rental to ensure the lease obligations are fulfilled without default.

Besides, Mr. Mak will take the lead role of the PRC finance lease business. Mr. Mak was previously the group's chief executive officer and executive director of Convoy Financial Holdings Limited, a sizeable financial company which issued shares are listed on the main board of the Stock Exchange. Mr. Mak has all-rounded experiences in financial industry in Hong Kong and the PRC for over 15 years including but not limited to corporate finance, money lending, assets management and securities advisory, which demonstrated his knowledge and experience and formed a major part in developing the business.

LETTER FROM THE BOARD

(iii) General working capital requirement for securities brokerage, margin financing and money lending business of the Group

Black Marble Securities is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO. 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 for expansion of the securities brokerage and margin financing businesses, the Company intends to further inject HK\$71 million into Black Marble Securities as its general working capital and reserve for its margin financing facility to its clients. As at the Latest Practicable Date, Black Marble Securities has an aggregate of approximately 522 clients, out of which approximately 246 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, 18 potential and existing clients have enquired Black Marble Securities in relation to margin financing with an aggregate amount of HK\$140 million.

In addition, Black Marble Securities has completed an underwriting service subsequent to the announcement of the Rights Issue and 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 third party clients in respect of completed and/or possible underwriting and/or placing services involve (i) an underwriting agreement entered into in May 2016 with a company which shares are listed on main board of the Stock Exchange and principally engaged in properties investment for an underwriting commitment of approximately HK\$548 million. The aforesaid has been materialized in August 2016; and (ii) negotiation with a company which shares are listed on main board of the Stock Exchange and principally engaged in wastes recycling for a possible underwriting and/or placing services of approximately HK\$500 million. Black Marble Securities proposes to enter into underwriting agreements with such clients to act as its underwriter. In considering the underwriting agreement that is in discussion between Black Marble Securities and the clients, the total underwriting commitment is expected to be approximately HK\$500 million. According to FRR, in order for Black Marble Securities to participate in underwriting, it is 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 actual and potential underwriting commitment shall require approximately HK\$5 million to HK\$75 million to maintain the liquidity capital of Black Marble Securities.

In view of the nature of securities brokerage, margin financing and money lending business which requires readily available fund for fostering such business development. Therefore, the Board considers that it will be a merit for the Group to have additional funding for the aforesaid business development.

LETTER FROM THE BOARD

In view of (i) the funding needs of the Group as stated above; (ii) recent development, performance and contribution of the Group's securities brokerage, margin financing and money-lending businesses to the Group's operation; and (iii) Group's business strategy in pursuing further development in financial sector which renders the needs for readily available funds, the Directors consider that it will be a merit for the Group to have additional working capital for its business operation and development.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to enjoy the potential growth prospects of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and placing of new Shares. 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 a principal banker for financing its business expansion, however, such principal banker indicated that it was unlikely for the Company to obtain the Group's proposed scale of loan financing from it without the pledge of assets. According to such principal banker and the Group's past experience in negotiating for loan financing from its principal bankers, 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 principal bankers indicated that a deep discount would be deducted from the pledged PPE. Accordingly, the PPE of the Company, amounting to approximately HK\$110.0 million as at 31 December 2015, would also not allow the Company to finance its needs for the proposed business expansion. Therefore, given the fund raising size and the scale of business expansion of the Company, the Directors considered that it would not be feasible for the Company to obtain the required amount from bank financing at favourable terms. Placing of new Shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. 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. Furthermore, placing of new Shares would be difficult due to the current market condition and the Company has yet to identify suitable potential investors.

Based on the foregoing, the Board considers that raising funds by way of the Rights Issue is more efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by any other means.

LETTER FROM THE BOARD

Based on current information available to the Group, the Directors estimate that, in the absence of any unforeseen circumstances, the net proceeds from the Rights Issue shall be sufficient for the Group's expected funding requirements for the next 12 months. In addition, as at the Latest Practicable Date, save for the Rights Issue, the Company did not have any immediate plan or was not contemplating to have further fund raising for at least the next twelve months for financing its business or investments and any other potential projects or transactions of the Company.

WARNING OF THE RISKS OF DEALING IN THE CONSOLIDATED SHARES AND/OR NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed "Conditions of the Rights Issue" in the Letter from the Board of this Prospectus. In particular, the Rights Issue is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed.

The Consolidated Shares have been dealt in on an ex-entitlement basis from Tuesday, 16 August 2016. Dealings in the Rights Shares in the nil-paid form are expected to take place from 9:00 a.m. on Monday, 29 August 2016 to 4:00 p.m. on Monday, 5 September 2016 (both dates inclusive) while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriters prior to the Latest Time for Termination, the Rights Issue will not proceed. Any Shareholders or other persons contemplating buying or selling the Consolidated Shares and/or nil-paid Rights Shares up to the date when all the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Consolidated Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROCEDURES FOR ACCEPTANCE AND PAYMENT AND TRANSFER

The PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholder(s) wish to take up the provisional allotment of Rights Shares as specified in the PAL in full, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 8 September 2016. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "Lerado Financial Group Company Limited – Rights Issue Account" and crossed "Account Payee Only". It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar not later than

LETTER FROM THE BOARD

4:00 p.m. on Thursday, 8 September 2016, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholders wish to accept only part of provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation not later than 4:30 p.m. on Wednesday, 31 August 2016 to the Registrar, who will cancel the entire original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar during normal business hours on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

Save as described under the paragraph headed "Rights of the Overseas Shareholders" in this Prospectus, no action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights 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 Rights Shares to satisfy itself/himself/herself/themselves before subscribing for the allotted Rights 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.

Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither

LETTER FROM THE BOARD

HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. No application for the Rights Shares will be accepted from the Non-Qualifying Shareholders. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any jurisdiction. No receipt will be issued in respect of any application monies received.

If the Underwriters exercise the right to terminate its obligation under the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue are not fulfilled by the respective dates specified in the paragraph headed “Conditions of the Rights Issue” in this Prospectus, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques to be despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Wednesday, 21 September 2016.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Rights Issue are set out below:

Shareholders	As at the Latest Practicable Date		Upon completion of the Rights Issue			
			Assuming except Mr. Mak's Undertaking, no Qualifying Shareholders take up their respective entitlements under the Rights Issue		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Rights Issue	
	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Directors						
Mr. Huang (Note 1)	45,090,832	5.9	45,090,832	2.0	135,272,496	5.9
Mr. Mak (Note 2, 3)	132,000	0.017	217,072,320	9.4	396,000	0.017
Black Marble Securities and its associates, sub-underwriter(s) and subscriber(s) procured by the Underwriters (if any) (Note 3)	-	-	1,318,542,438	57.2	-	-
Other public Shareholders	<u>722,518,547</u>	<u>94.1</u>	<u>722,518,547</u>	<u>31.4</u>	<u>2,167,555,641</u>	<u>94.1</u>
Total	<u><u>767,741,379</u></u>	<u><u>100.00</u></u>	<u><u>2,303,224,137</u></u>	<u><u>100.00</u></u>	<u><u>2,303,224,137</u></u>	<u><u>100.00</u></u>

Notes:

- Mr. Huang, an executive Director, is deemed to be interested in a total of 45,090,832 Consolidated Shares, of which 987,200 Consolidated Shares are held by Mrs. Huang Chen Li Chu and 41,730,832 Consolidated Shares are held by Intelligence Hong Kong Group Limited. Mrs. Huang Chen Li Chu is the wife of Mr. Huang and Intelligence Hong Kong Group Limited is controlled by Mr. Huang and Mrs. Huang Chen Li Chu.

LETTER FROM THE BOARD

2. Mr. Mak, an executive Director, is interested in 132,000 Consolidated Shares. Mr. Mak is one of the Underwriters for the Rights Issue and underwrites not more than 216,676,320 Rights Shares.
3. The Underwriters have undertaken to the Company in the Underwriting Agreement that (i) the Underwriters and parties acting in concert (within the meaning of the Takeovers Code) with them will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriters in respect of performing their obligations under the Underwriting Agreement; (ii) the Underwriters shall use their reasonable endeavours to ensure that the subscribers for Untaken Shares shall be third parties independent of and not connected with or acting in concert with the Company and its connected persons; (iii) none of the persons to be procured by the Underwriters to subscribe for the Untaken Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company immediately after completion of the Rights Issue; and (iv) the Underwriters shall and shall cause the sub-underwriters to procure independent subscribers to take up such number of the Untaken Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Rights Issue.

As at the Latest Practicable Date, Black Marble Securities does not hold any Consolidated Shares. As Black Marble Securities is a wholly-owned subsidiary of the Company, it will not hold any Untaken Shares after completion of the Rights Issue. In discharging its obligation under the Underwriting Agreement, Black Marble Securities has entered into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the entire Black Marble's Underwriting Commitment, with selected subscribers with such authority and rights as it has pursuant to its appointment under the Underwriting Agreement. As at the Latest Practicable Date, Black Marble Securities has entered into sub-underwriting agreements with six sub-underwriters, being four corporations and two securities brokerage firms, for an aggregate sub-underwriting commitment of a maximum of 1,331,011,686 Rights Shares, which exceeds Black Marble's Underwriting Commitment of 1,318,542,438 Rights Shares under the Rights Issue. Each of the sub-underwriters and its respective ultimate beneficial owners (if applicable) is Independent Third Party. Each of the sub-underwriters has undertaken to Black Marble Securities that (i) it will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code in respect of performing its obligations under the sub-underwriting agreement; (ii) it will procure subscribers who are independent of the Company and its connected persons to take up such number of Rights Shares as may be necessary to ensure that the public float requirements under the Listing Rules are complied with; (iii) none of the persons to be procured by the sub-underwriter to subscribe for the Untaken Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company immediately after completion of the Rights Issue; and (iv) will use its reasonable endeavours to ensure that the subscribers for the Untaken Shares are independent of and not connected with the Company and its connected persons and are not a party acting in concert with each other.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Black Marble Securities has sub-underwritten its entire underwriting commitment. The list of sub-underwriters procured by Black Marble Securities (the “Sub-Underwriters”) and the maximum number of Rights Share sub-underwritten to each of them are listed out below:

Date of sub-underwriting agreement	Name	No. of Consolidated Shares held by the Sub-Underwriters	Maximum number of Rights Shares sub-underwritten	% shareholding of the total issued share capital of the Company as at the Latest Practicable Date	% shareholding of the total issued share capital of the Company upon completion of the Rights Issue <i>(Note 1&2)</i>
21 July 2016	Resources Securities Limited (“Resources Securities”)	–	229,000,000	–	9.94%
21 July 2016	Suncorp Securities Limited (“Suncorp Securities”)	–	670,000,000	–	29.09%
21 July 2016	Hong Kong Wangyue Co., Limited (“Company A”)	–	112,500,000	–	4.88%
21 July 2016	Anni (HongKong) Co., Limited (“Company B”)	–	112,500,000	–	4.88%
25 July 2016	Upright Victory Limited (“Company C”)	–	95,000,000	–	4.12%
21 July 2016	Huge Leader Holdings Limited (“Company D”)	–	112,011,686	–	4.86%

Notes:

- The maximum number of Rights Shares to be sub-underwritten by the Sub-Underwriters are 1,331,011,686 Rights Shares, which exceeds Black Marble’s Underwriting Commitment of 1,318,542,438 Rights Shares under the Rights Issue. For illustrative purpose only, percentage of shareholding of the total issued share capital of the Company which will be held by each of the Sub-Underwriters is calculated based on the respective maximum number of Rights Shares sub-underwritten by each of the Sub-Underwriters divided by the total number of Consolidated Shares upon completion of the Rights Issue of 2,303,224,137 Consolidated Shares.
- Each of the Sub-underwriters has undertaken to Black Marble Securities that (i) each of the Sub-Underwriters and parties acting in concert (within the meaning of the Takeovers Code) with each of them will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of each of the Sub-Underwriters in respect of performing their respective obligations under the respective Sub-underwriting agreements; (ii) each of the Sub-Underwriters shall use their reasonable endeavours to ensure that the subscribers for Untaken Shares shall be third parties independent of and not connected with or acting in concert with the Company and its connected persons; (iii) none of the persons to be procured by each of the Sub-Underwriters to subscribe for the Untaken Shares will be a substantial shareholder of the Company holding 10% or more shareholding in the Company immediately after completion of the Rights Issue; and (iv) each of the Sub-Underwriters shall procure independent subscribers to take up such number of the Untaken Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Rights Issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, each of the Sub-Underwriters does not hold any Consolidated Shares. Resources Securities and Suncorp Securities are securities brokerage firms, whose ordinary businesses include underwriting. Each of Company A, Company B, Company C and Company D is principally engaged in investment holding and its ordinary business does not include underwriting.

As at the Latest Practicable Date, Mr. Mak is interested in 132,000 Consolidated Shares while his close associates do not hold any Consolidated Shares. Black Marble Securities and its close associates do not hold any Consolidated Shares.

FUND RAISING ACTIVITY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date. Set out below is the details of the Previous Open Offer which was completed on 17 December 2015:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of proceeds as at the Latest Practicable Date
14 August 2015	The Previous Open Offer	HK\$422 million	(i) approximately HK\$288 million for the investment in securities and brokerage and margin financing; (ii) approximately HK\$117 million for the operation of the money-lending business in Hong Kong; and (iii) remaining balance for general working capital of the Group	(i) approximately HK\$288 million was used for investment in securities and brokerage and margin financing; (ii) approximately HK\$117 million was used for the operation of the money-lending business in Hong Kong; (iii) approximately HK\$6 million was used for general working capital of the Group; (iv) remaining balance of approximately HK\$11 million was maintained at the Group's bank accounts and will be utilized for general working capital of the Group.

Shareholding dilution effects and cumulative dilution effects of the Previous Open Offer and the Rights Issue

According to the prospectus of the Company dated 27 November 2015 in relation to the Previous Open Offer of 2,879,030,172 offer shares, immediately prior to completion of the Previous Open Offer, public shareholders of the Company held 902,713,184 shares of the Company (the “**Initial Public Shareholding**”), representing approximately 94.07% of the then total number of issued shares of the Company, being 959,676,724 shares.

LETTER FROM THE BOARD

- (a) The dilution effects of the Previous Open Offer and the Rights Issue on the shareholding interest and their cumulative dilution effects are set out below:

	Issued share capital of the Company	Initial Public Shareholding to the issued share capital of the Company Number of shares/ (Approximate %)	Dilution effects (Approximate %)	Cumulative dilution effects (Approximate %)
Immediately prior to completion of the Previous Open Offer	959,676,724	902,713,184 (94.07%)	-	-
Immediately after completion of the Previous Open Offer	3,838,706,896	902,713,184 (23.51%)	75.00%	75.00%
Immediately after Completion of the Rights Issue <i>(Note 1)</i>	2,303,224,137	180,542,636 (7.84%) <i>(Note 2)</i>	66.67% <i>(Note 3)</i>	91.67% <i>(Note 4)</i>

- (b) The price dilution effects of the Previous Open Offer and the Rights Issue are set out below:

	Theoretical ex-entitlement price after the respective fund raising activities based on closing price on the last trading day (the "TEEP Price")	Closing price/ theoretical closing price on the last trading day	Discount of respective TEEP Price to closing price/theoretical closing price on the last trading day (Approximate %)
Previous Open Offer	HK\$0.230	HK\$0.470	51.1%
Rights Issue	HK\$0.317	HK\$0.550	42.4%

Notes:

1. Immediately after completion of the Rights Issue and assuming none of the Rights Shares are subscribed for by the Qualifying shareholders and no new Shares (other than the Rights Shares) are allotted and issued on or before completion of the Rights Issue.
2. Taking into account the Share Consolidation becoming effective.

LETTER FROM THE BOARD

3. Immediately after completion of the Previous Open Offer, the Initial Public Shareholding accounted for approximately 23.51% of the issued share capital of the Company. Following the completion of the Rights Issue, the Initial Public Shareholding decreased to approximately 7.84% from approximately 23.51%, which represents dilution effect of approximately 66.67%.
4. Immediately prior to completion of the Previous Open Offer, the Initial Public Shareholding accounted for approximately 94.07% of the issued share capital of the Company. Following the completion of the Previous Open Offer and the Rights Issue, the Initial Public Shareholding decreased to approximately 7.84% from approximately 94.07%, which represents dilution effect of approximately 91.67%.

Therefore, as stated as above, if the Initial Public Shareholding does not participate in the Previous Open Offer and the Rights Issue, the cumulative dilution effects on their shareholding interests would be approximately 91.67%.

ADJUSTMENTS IN RELATION TO THE OUTSTANDING OPTIONS

As at the Latest Practicable Date, there are Outstanding Options granted under the Share Option Schemes entitling the holders thereof to subscribe for up to an aggregate of 6,234,624 Consolidated Shares. The Rights Issue may cause adjustments to the exercise price of the Outstanding Options and/or the number of Consolidated Shares to be allotted and issued upon exercise of the Outstanding Options. The Company will make further announcement in respect of such adjustments as and when appropriate.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Lerado Financial Group Company Limited
Mak Kwong Yiu
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for each of the three financial years ended 31 December 2013, 2014, 2015 were disclosed in the annual reports of the Company for the years ended 31 December 2013 (pages 30 to 99), 2014 (pages 28 to 97) and 2015 (pages 31 to 121). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.lerado.com/>). Please refer to the hyperlinks as stated below:

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 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0427/LTN20160427720.pdf>

2. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES AS AT 30 JUNE 2016**Unlisted bonds, bank borrowings and bank overdrafts**

At the close of business on 30 June 2016, 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 borrowings comprising (i) unsecured bonds of approximately HK\$113.7 million; (ii) bank borrowings of approximately HK\$6,047,000 (of which HK\$4,878,000 are secured by a property of the Group and properties provided by a director of a subsidiary. The entire bank borrowings are guaranteed by either personal guarantee provided by a director of a subsidiary or The Government of the Hong Kong Special Administrative Region; and (iii) bank overdrafts of approximately HK\$4,969,000, the entire amount are secured by a property of the Group and properties provided by a director of a subsidiary and are guaranteed by personal guarantee provided by a director of a subsidiary.

Authorised but unissued bond

The Company has issued unsecured bonds of approximately HK\$113.7 million. The issued bond was pursuant to the placing agreement as stated in the announcement dated 29 January 2016, that the placing agent on a best effort basis to arrange placees to subscribe for the eighth-year 6% coupon unlisted bond with an aggregate principal amount of up to HK\$200 million for a period of 12 months from the date of the placing agreement. The unissued bond pursuant to the placing agreement as at 30 June 2016 was approximately HK\$86.3 million.

Contingent Liabilities

As at 30 June 2016, 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 (the "**Disposed Subsidiaries**"), are in litigations with two independent third parties. The Company entered into the sale and purchase agreement pursuant to which the subsidiary of the Company agrees to indemnify the Buyer 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 (equivalents to HK\$17,333,000). The next trial date has been set on 6 February 2017. 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 consolidated financial statements.
- (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 Company under the contract for Baby Trend, Inc. The next trial date has been set on 28 February 2017. 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 consolidated financial statements.

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 30 June 2016.

Subsequent Changes of Indebtedness

The Directors confirm that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2016 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, present internal resources available, external credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Previous Open Offer aimed to expand the financial business sector of the Group. Since the Previous Open Offer, Black Marble Securities has been actively participated in the securities market as underwriter and placing agent for Hong Kong listed companies and targets to keep enlarging its customer base. In addition, Black Marble Capital Limited has endeavoured to develop and expand the money lending business in Hong Kong.

The Directors believe that by taking a proactive approach in developing the financial business sector of the Group will generate promising returns to the Shareholders in the future.

Going forward, with a view to achieving better return and enhancing the expansion of the financial sectors of the Group, the Company will focus on the existing businesses and investment in securities market, and wish to participate in providing other financial services, including but not limited to providing corporate finance, asset management, financial planning services, which can leverage with the Group's existing financial sectors and aim at extending its financial businesses to the market of Mainland China. As such, the Company intends to invest seed capital for establishing funds and is in the process of applying for a license for carrying out the Type 9 (Asset Management) regulated activity under the SFO. The Company is also planning to apply for the Type 6 (Advising on Corporate finance) license as well. Meanwhile, The Directors will also look for potential investment opportunities to diversify its business scope.

I. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The unaudited pro forma statement of consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to the owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Share Consolidation and the Rights Issue had been completed on 31 December 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 attributable to the owners of the Company immediately had the Share Consolidation and the Rights Issue been completed as at 31 December 2015 or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the audited consolidated net assets of the Group attributable to the owners of the Company at 31 December 2015, as extracted from the published annual report of the Group for the year ended 31 December 2015 and the adjustments described below.

Audited consolidated net assets of the Group attributable to the owners of the Company as at 31 December 2015	Adjustment for goodwill of the Group attributable to the owners of the Company as at 31 December 2015	Unaudited adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015	Estimated net proceeds from the Rights Issue based on 1,535,482,758 Rights Shares	Unaudited adjusted pro forma consolidated net tangible assets of the Group attributable to the owners of the Company after the Rights Issue based on 1,535,482,758 Rights Shares
<i>HK\$'000</i> <i>(note i)</i>	<i>HK\$'000</i> <i>(note ii)</i>	<i>HK\$'000</i> (A)	<i>HK\$'000</i> <i>(note iii)</i> (B)	<i>HK\$'000</i> (A) + (B)
1,774,721	42,918	1,731,803	300,993	2,032,796

HK\$

Unaudited adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 per Consolidated Share before Rights Issue *(Note iv)* 2.26

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 immediately after the Rights Issue and Share Consolidation

– based on the aggregate of 767,741,379 Consolidated Shares in issue (assuming the Share Consolidation becomes effective as at 31 December 2015 and no exercise of share options) and 1,535,482,758 Rights Shares *(Note v)* 0.88

Notes:

- i The audited consolidated net assets of the Group attributable to the owners of the Company as at 31 December 2015 is extracted from the published annual report for the year ended 31 December 2015.
- ii The Group's goodwill are arose from past acquisition of subsidiaries of approximately HK\$42,918,000 which are extracted from the published annual report year ended 31 December 2015, of which 100% of the goodwill were attributable to owners of the Company.
- iii The estimated net proceeds from the Rights Issue are based on the issuance of 1,535,482,758 Rights Shares (representing 767,741,379 Consolidated Shares in issue as at 31 December 2015 assuming the Share Consolidation becomes effective and adjusting on the basis of 2 Rights Shares for every 1 Consolidated Share held) at a subscription price of HK\$0.20 per Rights Share, after deduction of the estimated expenses attributable to the Rights Issue of approximately HK\$6,104,000 and the differences attributable to rounding.
- iv The calculation of the unaudited adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 before the Rights Issue per Consolidated Share is determined based on the unaudited adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 of approximately HK\$1,731,803,000, divided by the number of Consolidated Shares in issue, i.e. 767,741,379 Consolidated Shares.
- v The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2015 immediately after the Rights Issue per Consolidated Share is determined based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after the Rights Issue of approximately HK\$2,032,796,000, being the aggregate of HK\$1,731,803,000 and HK\$300,993,000 (see Note (iii)), divided by 2,303,224,137 Consolidated Shares which represents the sum of 767,741,379 Consolidated Shares in issue (assuming the Share Consolidation becomes effective on 31 December 2015 as at 31 December 2015, and 1,535,482,758 Rights Shares (See Note (iii))).
- vi No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2015.

**II. ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO FORMA
FINANCIAL INFORMATION OF THE GROUP****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF LERADO FINANCIAL GROUP COMPANY LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lerado Financial Group 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 attributable to the owners of the Company as at 31 December 2015 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 25 August 2016 (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 rights issue of 1,535,482,758 rights shares at the subscription price of HK\$0.20 per rights share (the "Rights Issue") on the basis of two rights shares for every one Consolidated Share held on the Record Date (as defined in the Prospectus) on the Group's consolidated net tangible assets attributable to the owners of the Company as at 31 December 2015 as if the Rights Issue had taken place at 31 December 2015. As part of this process, information about the Group's consolidated net tangible assets attributable to the owners of the Company has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2015, on which an auditor's 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").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ 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 accountants 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 circular 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 31 December 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 accountants' judgment, having regard to the reporting accountants' 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,
25 August 2016

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Consolidated Shares of HK\$0.5 each	<u>5,000,000,000.00</u>
<i>Issued and fully paid or credited as fully paid:</i>		<i>HK\$</i>
767,741,379	Consolidated Shares as at the Latest Practicable Date	383,870,689.50
<u>1,535,482,758</u>	Rights Shares to be issued	<u>767,741,379.00</u>
<u>2,303,224,137</u>	Total	<u>1,151,612,068.50</u>

As at the Latest Practicable Date, save for the Outstanding Options, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Consolidated Shares.

Share Options

As at the Latest Practicable Date, there were 6,234,624 Outstanding Options granted by the Company under the Share Option Schemes to the eligible participants thereof at the consideration of HK\$1 per grant to each holder of the Outstanding Options. The holders of the Outstanding Options were employees and consultants of the Group who were eligible participants of the Share Option Schemes. Among the Outstanding Options, 13,824 were fall to be allotted and issued at the exercise price of HK\$3.34 per Share whereas 6,220,800 were fall to be allotted and issued at the exercise price of HK\$2.57 per Share. The exercise prices of the Outstanding Options and/or the number of Shares fall to be allotted and issued upon full exercise thereof may be subject to further adjustment as a result of the Rights Issue. Details of the Outstanding Options as at the Latest Practicable Date were as follows:

Options granted to	Date of grant	Subscription price per Share	Exercise period	Number of Shares issuable upon exercise in full of the Share Options
Employees	18 January 2012	HK\$3.34	18 January 2013 – 17 January 2017	6,912
Employees	18 January 2012	HK\$3.34	18 January 2014 – 17 January 2017	6,912
Consultants and Employees	12 February 2015	HK\$2.57	12 February 2015 – 11 February 2017	6,220,800

Save for disclosed above, 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 Consolidated Shares and Rights Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects with the existing shares in all respects including rights to dividends, voting and return of capital. There is no arrangement under which future dividends will be waived or agreed to be waived.

The Consolidated Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Consolidated Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

Interests of Directors

As at Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules were as follows:

Long positions in shares, underlying share and debentures of the Company or its associated corporations:

Name of Director or chief executive of the Company	Capacity	Number of shares and underlying shares of the Company held by each Director	Approximate percentage of the total issued share capital of the Company
Mr. Huang Ying Yuan	Beneficial owner	2,372,800	0.30%
Mr. Huang Ying Yuan	Interest of spouse (Note)	987,200	0.13%
Mr. Huang Ying Yuan	Interest of controlled corporation (Note)	41,730,832	5.44%
		45,090,832	5.87%
Mr. Mak Kwong Yiu	Beneficial owner	217,072,320	28.27%

Note:

Mr. Huang, an executive Director, is deemed to be interested in a total of 45,090,832 Consolidated Shares, of which 987,200 Consolidated Shares are held by Mrs. Huang Chen Li Chu and 41,730,832 Consolidated Shares are held by Intelligence Hong Kong Group Limited. Mrs. Huang Chen Li Chu is the spouse of Mr. Huang and Intelligence Hong Kong Group Limited is controlled by Mr. Huang and Mrs. Huang Chen Li Chu.

Save as disclosed above, as at the Latest Practicable date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Consolidated Shares, underlying Consolidated Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

Interest of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, each of the following persons (other than a Director or a chief executive of the Company) had an interest or a short position in the Consolidated Shares or underlying Consolidated 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 were recorded in the register to be kept under section 336 of the SFO:

Name of holder of shares/underlying shares of the Company	Capacity	Number of shares and underlying shares of the Company held (Note 1)	Approximate percentage of the total issued share capital of the Company
Mr. David Michael Webb	Beneficial owner and interest of controlled corporation (Note 2)	53,730,394	6.99%
China Automotive Interior Decoration Holdings Limited	Beneficial owner (Note 3)	60,000,000	7.82%
Black Marble Securities Limited	Beneficial owner	1,331,011,686 (L) 1,331,011,686 (S)	173.37% 173.37%

Name of holder of shares/underlying shares of the Company	Capacity	Number of shares and underlying shares of the Company held (Note 1)	Approximate percentage of the total issued share capital of the Company
Black Marble Group (Hong Kong) Limited	Controlled corporation	1,331,011,686 (L) 1,331,011,686 (S)	173.37% 173.37%
Black Marble Group Limited	Controlled corporation	1,331,011,686 (L) 1,331,011,686 (S)	173.37% 173.37%
Lerado Financial Group Company Limited	Controlled corporation	1,331,011,686 (L) 1,331,011,686 (S)	173.37% 173.37%
Resources Securities Limited	Beneficial owner	229,000,000 (L)	29.83%
Wong Chun Hung Hanson	Controlled corporation	229,000,000 (L)	29.83%
Tang Wai Ho Harry	Controlled corporation	229,000,000 (L)	29.83%
Suncorp Securities Limited	Beneficial owner	670,000,000 (L)	87.27%
Suncorp Technologies Limited	Controlled corporation	670,000,000 (L)	87.27%
Suncorp Investment Holdings Limited	Controlled corporation	670,000,000 (L)	87.27%

Notes:

- (1) "L" denotes a long position whilst the letter "S" denotes a short position.
- (2) Mr. David Michael Webb beneficially owns 17,690,594 Consolidated Shares, and in addition he holds 36,039,800 Consolidated Shares through Preferable Situation Assets Limited, which is 100% directly owned by him.
- (3) China Automotive Interior Decoration Holdings Limited owns 60,000,000 Consolidated Shares through its wholly owned subsidiary, Link Excellent Limited.

Save as disclosed in the preceding paragraph and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Consolidated Shares and underlying Consolidated Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the issued voting shares capital 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 Consolidated Shares or any convertible securities, warrants, options or derivatives in respect of Consolidated Shares.

4. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 31 December 2015 (being the date to which the latest published audited accounts of the Group were made up), 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; and
- b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

5. 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 been set on 6 February 2017.

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. The next trial date has been set on 28 February 2017.

Save as disclosed above, as at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors' to be pending or threatened against any member of the Group.

6. DIRECTORS' CONTRACTS

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.

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

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group nor does any of them has or may have any other conflicts of interest with the Group.

8. 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;
- (ii) the agreement dated 19 April 2016 entered into among Treasure Boom Holdings Limited, a wholly-owned subsidiary of the Company, as the purchaser and Lin Mingxin as the vendor in relation to the acquisition of the entire issued share of Creative Wisdom Limited and the total amount of loan due and payable by Creative Wisdom Limited to Lin Mingxin upon the completion of the acquisition;
- (iii) the agreement dated 31 March 2016 entered into among 隆成諮詢(深圳)有限公司, a wholly-owned subsidiary of the Company, as the purchaser and the vendors in relation to the further acquisition of 41% of the issued share capital of 杭州錢內助金融信息服務有限公司;
- (iv) the settlement agreement dated 1 March 2016 entered into among, Lerado Group Limited, a wholly-owned subsidiary of the Company, as the seller, the Company, Zhongshan Lerado Qihang Trading Co., Ltd on the one part, and Maxi Miliaan BV as the buyer, Dorel Industries Inc. and Zhongshan Lerado Mfg Co. Ltd on the other part in relation to the dispute arising out of and in relation to 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 independent third parties, in relation to the disposal of subsidiaries of the Company, and ancillary agreements between the parties, and the transaction contemplated therein;

- (v) the loan agreement dated 2 February 2016 entered into between BlackMarble Capital Limited, an indirect wholly-owned subsidiary of the Company, as the lender, and the borrower under the loan agreement in relation to the provision of the loan in amount of up to HK\$94,100,000;
- (vi) the placing agreement dated 29 January 2016 entered into among the Company and Black Marble Securities, an indirect wholly-owned subsidiary of the Company, as the placing agent, on a best effort basis, in relation to the placing of bonds up to an aggregate principal amount of HK\$200,000,000;
- (vii) the underwriting agreement dated 14 August 2015 entered into between the Company and Gransing Securities Co., Limited, as the underwriter, in relation to the underwriting arrangement in respect of the proposed issue by way of open offer on the basis of three offer shares for every one existing Share held on the record date;
- (viii) the agreement dated 27 May 2015 entered into between 駿勝世紀科技(深圳)有限公司, an indirect wholly-owned subsidiary of the Company, as the purchaser and 盤錦金遠寶興房地產開發有限公司 as the vendor in relation to acquisition of properties located at 38 blocks of villa under development, phase 1, Jinyuan Baoxing Shicheng Estate, Dawa County, Liaoning Province, PRC;
- (ix) the agreement dated 26 May 2015 entered into between the Company as the purchaser and China Automotive Interior Decoration Holdings Limited as the vendor in relation to acquisition of 100% of the issued share capital of Oriental Strategic Limited;
- (x) the subscription agreement dated 21 May 2015 entered into between Wonder Time Holdings Limited, a wholly-owned subsidiary of the Company, as the subscriber and China Investment and Finance Group Limited as the issuer in relation to subscribe 130,000,000 new shares of China Investment and Finance Group Limited; and
- (xi) the agreement dated 31 March 2015 entered into between Perfect Scheme Limited, a wholly-owned subsidiary of the Company, as the purchaser and China Investment and Finance Group Limited as the vendor in relation to the acquisition of entire share capital of Garron International Strategic Limited.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu (“ Deloitte ”)	Certified Public Accountants

As at the Latest Practicable Date, Deloitte did not have any beneficial interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Deloitte has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its reports and/or its letters dated 25 August 2016 and/or references to its name and/or its advice in the form and context in which they respectively appear.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, independent financial adviser fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$6.1 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Claredon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business in Hong Kong	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central Hong Kong
Company secretary	Man Yun Wah
Authorised representatives	Lai Kin Chung, Kenneth Chen Chun Chieh Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road, Central, Hong Kong
Branch share registrar and transfer office in Hong Kong	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

Principal bankers

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

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

Legal adviser to the Company

As to Laws of Hong Kong
Tang Tso & Lau
Room 209, 2/F
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

Financial adviser to the Company

Akron Corporate Finance Limited
17AB
Trust Tower
68 Johnston Road
Wanchai
Hong Kong

Underwriters

Black Marble Securities Limited
21/F, The Wellington
184-198 Wellington Street
Central, Hong Kong

Mak Kwong Yiu

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

(a) Name and address of the Directors

Name	Address
<i>Executive Directors</i>	
MAK Kwong Yiu (Chairman and Chief Executive Officer)	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
HUANG Ying Yuan (Honorary Chairman)	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
CHEN Chun Chieh	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
HUANG Shen Kai	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
LAI Kin Chung, Kenneth	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
<i>Independent Non-executive Directors</i>	
LAM Chak Man	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
YE Jianxin	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
CHERN Shyh Feng	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong
HSU Hong Te	Unit 1-3, 30/F., Universal Trade Centre 3-5A Arbuthnot Road Central, Hong Kong

(b) Profile of the Directors***Executive Directors***

Mr. MAK Kwong Yiu (“**Mr. Mak**”), aged 41, has been appointed as an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company since 1 April 2016. Mr. Mak is responsible to oversee the Group’s strategic planning and contribute his broad and profound experience in finance to the Group in operating and expanding financial businesses, and assist the Board in decision making.

Mr. Mak graduated from The Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in Finance in November 1996 and a Master of Business Administration degree in November 2004. He earned the Chartered Financial Analyst designation in September 2000. He has been a Certified Public Accountant in the United States since May 2002 and a member of the Hong Kong Institute of Certified Public Accountants since May 2003. Mr. Mak is currently an independent non-executive director of GR Properties Limited (Stock code: 108), a company listed on the main board of the Stock Exchange, since 17 February 2014. He was previously an executive director and the group chief executive officer of Convoy Financial Holdings Limited (Stock code: 1019), a company listed on the main board of the Stock Exchange, between 16 March 2010 and 31 March 2016, and also an executive director of Interactive Entertainment China Cultural Technology Investments Limited (Stock code: 8081), a company listed on the Growth Enterprise Market of the Stock Exchange, between 30 July 2008 and 28 April 2014. He was also an independent non-executive Director between 25 April 2014 and 2 November 2015, therefore he is familiar with the culture and operations of the Company.

Mr. HUANG Ying Yuan (“**Mr. YY Huang**”), aged 65, is a founding member and was the Chairman and the Chief Executive Officer of the Company. Mr. Huang has been appointed as the honorary Chairman of the Board. Mr. YY Huang has 39 years of experience in the infant products industry. Mr. YY Huang assists the Chief Executive Officer in overseeing the Group’s strategic planning and has particular responsibility for marketing.

Mr. CHEN Chun Chieh (“**Mr. Chen**”), aged 40, was appointed as an executive Director 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. HUANG Shen Kai (“**Mr. SK Huang**”), aged 39, joined the Group since March 2005, has been working as the Group Vice President for the manufacturing business of the Group and was appointed as an executive Director on 22 August 2014. Mr. SK Huang is responsible for the Group’s management and business development in the PRC market. Mr. SK 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. SK Huang is the son of Mr. Huang Ying Yuan, chairman and chief executive officer of the Company.

Mr. LAI Kin Chung, Kenneth (“**Mr. Lai**”), aged 46, was appointed as an executive Director on 15 December 2014. Mr. Lai 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.

Independent Non-Executive Directors

Mr. LAM Chak Man (“**Mr. Lam**”), aged 34, was appointed as an independent non-executive Director on 16 November 2015. Mr. Lam 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.

Mr. YE Jianxin (“**Mr. Ye**”), aged 63, was appointed as an independent non-executive Director on 15 December 2014. Mr. Ye 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 (“**Mr. Chern**”), aged 48, was appointed as an independent non-executive Director on 6 February 2015. Mr. Chern 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. HSU Hong Te (“**Mr. Hsu**”), aged 40, has been appointed as an independent non-executive Director since 1 April 2016. Mr. Hsu graduated from National Taiwan University in Taiwan in 2000 with a Bachelor of Science in Chemical/Advanced Material Engineering, and graduated from The University of Southampton in the United Kingdom in 2004 with a Master of Science of Aerodynamics and Computation. He was awarded the certificate of Financial Risk Manager in 2007 and the certificate of Chartered Alternative Investment Analyst in 2008. He earned the Chartered Financial Analyst designation in 2010. Mr. Hsu has passed the Papers 1, 2, 3, 5, 6, 7, 8, 9, 11 and 12 of Licensing Examination for Securities and Futures Intermediaries of the Hong Kong Securities and Investment Institute. Mr. Hsu has obtained the license of Futures and Options Specialist, the license of Senior Securities Specialist and the license of Securities Investment Trust and Consulting Professionals by the Securities & Futures Institute. Mr. Hsu is currently the chairman of Affluent Jade Limited, and previously acted as Global Market Analyst of Elite Wealth Partners LLC, Research Manager of Hua Nan Securities Co., Ltd., Investment Manager of SinoPac Venture Capital Co., Ltd. and Investment Manager of Ruentex Group. Mr. Hsu has extensive experience in the field of corporate financing and penetrative sense in analyzing the financial market.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS AVAILABLE FOR INSPECTION

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

- a) the memorandum of association and bye-laws of the Company;
- b) the annual reports of the Company for the three years ended 31 December 2013, 2014 and 2015;
- c) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus;
- d) the letter of written consent referred to under the paragraph headed “Expert and Consent” in this appendix;
- e) the service contract disclosed in the paragraph under the heading “Directors’ Contracts” in this appendix;
- f) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix;
- g) the Circular; and
- h) this Prospectus.

16. MISCELLANEOUS

- a) 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.
- b) The company secretary of the Company is Mr. Man Yun Wah (“**Mr. Man**”). Mr. Man holds a Bachelor’s Degree in Business Administration and Management and a Master’s Degree in Corporate Governance. He is currently an associate member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Mr. Man has extensive working experience in the company secretarial profession.
- c) the English text of this Prospectus and the accompanying PAL shall prevail over the respective Chinese text in the case of inconsistency.