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## **Lerado Financial Group Company Limited**

### **隆成金融集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1225)**

#### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE SHARE CAPITAL AND SHAREHOLDER'S LOAN OF CREATIVE WISDOM LIMITED**

The Board is pleased to announce that on 19 April 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and Sale Loan at the Consideration, which will be settled in cash.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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## **THE AGREEMENT**

Set out below are the principal terms of the Agreement:

### **Date**

19 April 2016 (after trading hours)

### **Parties**

(i) The Purchaser

(ii) The Vendor

As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets to be acquired**

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor, (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan, representing the total amount of loan due and payable by the Company to the Vendor upon Completion.

As of the date of this Announcement, the Target Company legally and beneficially owns the Property.

### **Consideration**

The Consideration payable by the Purchaser upon Completion shall be an amount equivalent to the amount computed by reference to the Completion Accounts. The computation of the Consideration is as follows:

= An amount equal to HK\$38,800,000

- (a) plus the amount of the Net Asset Value as set out in the Completion Accounts (if it is a positive amount); or
- (b) minus the absolute value of the Net Asset Value as set out in the Completion Accounts (if it is a negative amount).

For the purposes of apportionment, the Loan Consideration shall be an amount equal to face amount of the Sale Loan; and the Share Consideration shall be an amount calculated by deducting the Loan Consideration from the Consideration.

***Payment manner of the Consideration***

The Purchaser shall pay to the Vendor the Consideration in the following manners:

- (a) Upon the signing of the Agreement, the Deposit in the sum of HK\$3,880,000, being the deposit and in part payment of the Consideration, shall be paid by the Purchaser to the Vendor's Solicitors, on behalf of the Vendor, and shall be held by the Vendor's Solicitors as stakeholder pending Completion
- (b) an amount equal to the Completion Payment shall be paid by the Purchaser to the Vendor at Completion.

In the event that the Completion does not take place, the Deposit together with all interest accrued shall be forthwith repaid by the Vendor's Solicitors to the Purchaser.

As of the date of the Agreement, the Property is subject to a mortgage. The Vendor will be entitled by giving prior written notice to the Purchaser to require the Purchaser to split the Completion Payment in favour of the Mortgagee and the Vendor, respectively, (or such other party as the Vendor may direct in writing), to the intent that part of the Completion Payment shall be applied in redemption and release of the said mortgage on Completion.

The Sale Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the value of the Property of approximately HK\$40,600,000 valued by an independent valuer.

The Loan Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the face value of the Sale Loan.

**Conditions Precedent**

Completion of the Acquisition is subject to the fulfillment and/or waiver by the Purchaser (as the case may be) of the following Conditions on or before the Long Stop Date:

- (a) the Purchaser having conducted the Due Diligence Exercise and satisfied with the results thereof;
- (b) the Company having issued an announcement in respect of this Agreement and the transactions contemplated hereunder pursuant to the Listing Rules; and

(c) the board of directors of each of the Purchaser and the Company having approved this Agreement and the transactions contemplated hereunder.

Unless the Purchaser could substantiate the reason of its not being satisfied with the results of the Due Diligence Exercise, it is agreed that the Purchaser shall pay and reimburse the Vendor a sum of HK\$50,000 if any Conditions have not been fulfilled on or before the Long Stop Date, in which case, the Vendor's Solicitors shall repay to the Purchaser the Deposit together with interest less the sum of HK\$50,000. All obligations and liabilities of the parties to the Agreement will forthwith cease and determine and no party to the Agreement will have any claim against the other (save for any antecedent breaches of the Agreement) pursuant to the terms and conditions of the Agreement.

### **Completion of the Acquisition**

Completion shall take place on the fifth Business Day immediately following the date that all Conditions have been fulfilled and/or waived (as the case may be) but in any event not later than the Long Stop Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and all outstanding amount of the Sale Loan will be due by Target Company to the Purchaser.

It is expected that the Consideration (excluding the Deposit which has already been paid upon the signing of the Agreement, pursuant to the Agreement) will be financed by the internal resources of the Group.

### **Information of the Target Company**

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Save and except for holding the Property as an investment and leasing the same to the tenant thereof, the Target Company does not carry on any other business. As of the date of this Announcement, the Target Company legally and beneficially owns the Property.

Set out below is a summary of audited financial information of the Target Company for the two years ended 31 March 2014 and 2015:

	<b>For the year ended 31 March 2014 <i>(audited)</i> HK\$</b>	<b>For the year ended 31 March 2015 <i>(audited)</i> HK\$</b>
Net loss before tax	1,212,257	815,438
Net loss after tax	1,212,257	815,438

The audited total asset value and net liability of the Target Company as at 31 March 2015 were approximately HK\$33,199,654 and HK\$3,070,755, respectively.

### **Information of the Vendor**

The Vendor, namely Mr. Lin Mingxin, is a businessman and a resident in Hong Kong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products.

As disclosed in the listing document of the Company dated 27 November 2015, the Company would like to take an active approach in generating immediate revenue and diversifying the Company's business portfolio in various business sectors including, among other things, property investment.

The Company is of the view that the Acquisition provides a stable source of income by leasing the Property and a great opportunity to the Group to have a sustainable growth to the Company's assets, thus potentially greater return for the Shareholders.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan pursuant to the Agreement
“Agreement”	the agreement dated 19 April 2016 entered into between the Purchaser and the Vendor
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Company”	Lerado Financial Group Company Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Accounts”	the unaudited completion accounts of the Target Company comprising an income statement for the period after the 31 March 2016 and up to the Completion Date and a balance sheet as at the Completion Date which includes, inter alia, the prepayment and/or outstanding accrual of rates, government rent, management fee and rent payable in respect of the Property, the management fee, miscellaneous deposits and the Tenancy Deposit
“Completion Date”	on the fifth business day after the day on which the last of the conditions as set out in the Agreement is fulfilled (or otherwise waived) (or such other date as may be agreed by the Vendor and the Purchaser in writing)
“Completion Payment”	the balance of the Consideration after deducting the Deposit
“Conditions”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Consideration”	the aggregate consideration payable by the Purchaser upon Completion for the Sale Share and Sale Loan
“Deposit”	a sum of HK\$3,880,000, being the deposit and in part payment of the Consideration
“Director(s)”	the director(s) of the Company
“Due Diligence Exercise”	due diligence exercise on the assets, liabilities, business and undertakings of the Target Company including without limitation, on the books, records and constitutional documents, contracts, title deeds and any other documents relating to the Target Company and/or the Property
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the consideration for the purchase of the Sale Loan
“Long Stop Date”	29 July 2016 or such later date as may be agreed between the Vendor and the Purchaser
“Mortgage Loan”	the principal indebtedness owed by the Target Company to the Mortgagee in respect of the Property
“Mortgagee”	the existing mortgagee in respect of the Property
“Net Asset Value”	the total assets of the Target Company (other than the value of the Property) minus the total liabilities of the Target Company (other than the Sale Loan, Mortgage Loan and deferred taxation). For the avoidance of doubt, management fees and miscellaneous deposits shall form part of the total assets of the Target Company while the Tenancy Deposit shall form part of the liabilities of the Target Company

“PRC”	the People’s Republic of China
“Property”	the property located at Flat A (with a/c room(s) pertaining thereto which is/are accessible from the flat itself) on 60th floor of Tower 9, The Palazzo, No. 28 Lok King Street, Sha Tin, New Territories, together with the residential car parking space No. R31 located on ground floor of the Palazzo, No. 28 Lok King Street, Sha Tin, New Territories
“Purchaser”	Treasure Boom Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sale Loan”	the total amount of loan due and payable by the Target Company to the Vendor upon Completion
“Sale Share”	one issued share of the Target Company, representing the entire issued share capital in the Target Company
“Share Consideration”	the consideration for the purchase of the Sale Share
“Shareholder(s)”	the holder(s) of the issued ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Creative Wisdom Limited, a company incorporated in Hong Kong with limited liability
“Tenancy Deposit”	the rental deposit amounting in aggregate to HK\$132,000 paid by the tenant to the Target Company pursuant to the tenancy agreement relating to the Property between the Target Company and such tenant
“Vendor”	Lin Mingxin, a businessman and a resident in Hong Kong
“Vendor’s Solicitors”	the solicitors of the Vendor



“%”

per cent.

By order of the Board  
**Lerado Financial Group Company Limited**  
**Mak Kwong Yiu**  
*Chairman and Chief Executive Officer*

Hong Kong, 19 April 2016

*As at the date of this announcement, the executive Directors are Mr. MAK Kwong Yiu (Chairman and Chief Executive Officer), Mr. HUANG Ying Yuan (Honorary Chairman), Mr. CHEN Chun Chieh, Mr. HUANG Shen Kai and Mr. LAI Kin Chung, Kenneth; and the independent non-executive Directors are Mr. LAM Chak Man, Mr. YE Jianxin, Mr. CHERN Shyh Feng and Mr. HSU Hong Te.*