

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



Lerado Financial Group Company Limited

隆成金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

(1) PROPOSED CAPITAL REORGANISATION; AND (2) PROPOSED CHANGE IN BOARD LOT SIZE

(1) PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the following Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

- (i) every ten (10) issued and unissued Existing Shares of par value HK\$0.50 each in the share capital of the Company shall be consolidated into one (1) Consolidated Share of par value HK\$5.0;
- (ii) immediately following the Share Consolidation, the issued share capital of the Company will be reduced by a reduction of the par value of each issued Share from HK\$5.0 to HK\$0.01 per issued Share which reduction will comprise of a cancellation of such amount of the paid-up capital on each issued Share and an extinguishment and reduction of any part of the capital not paid up on any issued Shares so that each existing issued Share will be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credits arising from a cancellation of the paid-up capital on the issued Shares shall be transferred to the contributed surplus account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and bye-laws of the Company and as the Board considers appropriate; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares shall be sub-divided into five hundred (500) New Shares, so that the par value of each unissued Consolidated Share shall be reduced from HK\$5.0 to HK\$0.01.

The Capital Reorganisation is subject to the satisfaction of the conditions precedent as set out in the paragraph headed “(1) Proposed Capital Reorganisation – Conditions of the Capital Reorganisation” in this announcement. Accordingly, the Capital Reorganisation may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

(2) PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes to change the board lot size for trading in Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares conditional upon the Capital Reorganisation becoming effective.

GENERAL

The SGM will be held to consider and, if thought fit, pass the special resolution(s) to approve, among other things, the Capital Reorganisation.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are interested or involved in the Capital Reorganisation; and no Shareholders are required to abstain from voting on the relevant special resolution(s) to be proposed at the SGM to approve the Capital Reorganisation.

A circular containing, among other things, (i) a letter from the Board containing further details of the Capital Reorganisation and the change in board lot size; (ii) other information as required under the Listing Rules; and (iii) a notice convening the SGM, is expected to be despatched by the Company to the Shareholders on or before 12 October 2021.

(1) PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the following Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

- (i) every ten (10) issued and unissued Existing Shares of par value HK\$0.50 each in the share capital of the Company shall be consolidated into one (1) Consolidated Share of par value HK\$5.0;
- (ii) immediately following the Share Consolidation, the issued share capital of the Company will be reduced by a reduction of the par value of each issued Share from HK\$5.0 to HK\$0.01 per issued Share which reduction will comprise of a cancellation of such amount of the paid-up capital on each issued Share and an extinguishment and reduction of any part of the capital not paid up on any issued Shares so that each existing issued Share will be treated as one fully paid up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credits arising from a cancellation of the paid-up capital on the issued Shares shall be transferred to the contributed surplus account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and by-laws of the Company and as the Board considers appropriate; and

- (iii) immediately following the Share Consolidation, each of the authorised but unissued Consolidated Shares shall be sub-divided into five hundred (500) New Shares, so that the par value of each unissued Consolidated Share shall be reduced from HK\$5.0 to HK\$0.01.

Effects of the Capital Reorganisation

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Capital Reduction taking effect
Nominal or par value	HK\$0.50	HK\$0.01
Number of authorised shares	10,000,000,000	500,000,000,000
Amount of the authorised share capital	5,000,000,000	5,000,000,000
Number of issued shares	2,303,224,137	230,322,414

Based on the number of Shares in issue as at the date of this announcement, as a result of the Capital Reduction, a credit of approximately HK\$667.935 million will arise on the books of the Company. Such credit will be transferred to the contributed surplus account of the Company, and be applied for such purposes as permitted by all applicable laws and the memorandum and bye laws of the Company and as the Board considers appropriate, including but not limited to the distribution of dividends.

All New Shares in issue will rank pari passu in all respects with each other.

Save for the expenses to be incurred in relation to the Capital Reorganisation, the Directors consider that the Capital Reorganisation will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective; and
- (iii) compliance with section 46(2) of the Companies Act of Bermuda.

Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Wednesday, 3 November 2021.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Based on the closing price of HK\$0.038 per Existing Share on the date of this announcement, upon the Capital Reorganisation becoming effective, the theoretical closing price shall be HK\$0.38 per New Share. The Capital Reorganisation would enable the Company to comply with the trading requirements under the Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

In addition, the Company is prohibited from issuing any new Shares at a price at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$5.0 per Consolidated Share. The Capital Reduction will keep the par value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. Also, the credit arising from the Capital Reorganisation will facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and save as disclosed in this announcement, the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Fractional entitlement to New Shares

Fractional New Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional New Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the New Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates for New Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Wednesday, 3 November 2021, being the second Business Day immediately after the date of the SGM, the Shareholders may during the period from Wednesday, 3 November 2021 to Thursday, 9 December 2021 (both days inclusive) submit existing share certificates for the Existing Shares (in green colour) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the New Shares (in blue colour) at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:10 p.m. on Tuesday, 7 December 2021, trading will only be in New Shares. Existing share certificates in green colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and date 2021
Expected date of despatch of the circular, notice of SGM and proxy form	on or before Tuesday, 12 October
Latest time for lodging transfer documents in order to qualify for the attendance and voting at the SGM	4:30 p.m. on Tuesday, 26 October
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Wednesday, 27 October to Monday, 1 November

Event	Time and date 2021
Latest time for lodging proxy form for the SGM	11:00 a.m. on Saturday, 30 October
Time and date of the SGM.	11:00 a.m. on Monday, 1 November
Publication of the announcement of the poll results of the SGM.	Monday, 1 November
Effective date of the Capital Reorganisation	Wednesday, 3 November
First day of free exchange of existing share certificates for new share certificates for the New Shares	Wednesday, 3 November
Commencement of dealings in the New Shares.	9:00 a.m. on Wednesday, 3 November
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 3 November
Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 3 November
Original counter for trading in the New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens. . .	9:00 a.m. on Wednesday, 17 November
Parallel trading in the New Shares (in the form of both new and existing share certificates) commences.	9:00 a.m. on Wednesday, 17 November
Designated broker starts to stand in the market to provide matching services for odd lots of New Shares.	9:00 a.m. on Wednesday, 17 November
Designated broker ceases to stand in the market to provide matching services for odd lots of New Shares.	4:00 p.m. on Tuesday, 7 December

Event**Time and date
2021**

Temporary counter for trading in the New Shares
in board lots of 2,000 New Shares (in the form of
existing share certificates) closes 4:10 p.m. on Tuesday, 7 December

Parallel trading in the New Shares (in the form of
both new and existing certificates) ends. 4:10 p.m. on Tuesday, 7 December

Last day for free exchange of existing share
certificates for new certificates
for the New Shares 4:30 p.m. on Thursday, 9 December

The Capital Reorganisation is subject to the satisfaction of the conditions precedent as set out in the paragraph headed “(1) Proposed Capital Reorganisation – Conditions of the Capital Reorganisation” in this announcement. Accordingly, the Capital Reorganisation may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

(2) PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the existing board lot size is 20,000 Existing Shares.

Based on the closing price of HK\$0.038 per Existing Share on the date of this announcement, the board lot value of 20,000 Existing Shares is approximately HK\$760. Upon the Capital Reorganisation becoming effective, based on the theoretical closing price of HK\$0.38 per New Share, the board lot value of 20,000 New Shares is approximately HK\$7,600.

The Board proposes to change the board lot size for trading in Shares on the Stock Exchange from 20,000 Existing Shares to 10,000 New Shares conditional upon the Capital Reorganisation becoming effective. The Board expects that the reduction in board lot size will lower the value of each board lot, making it more attractive to the investors and therefore may improve the liquidity of the Shares. Upon the Capital Reorganisation and the change in board lot size becoming effective, based on the theoretical closing price of HK\$0.38 per New Share, and the board lot value of 10,000 New Shares is approximately HK\$3,800.

The Board is of the view that the change in board lot size is appropriate and would help maintain the transaction amount for each board lot at a reasonable level.

GENERAL

The SGM will be held to consider and, if thought fit, pass the special resolution(s) to approve, among other things, the Capital Reorganisation. The voting in relation to the Capital Reorganisation, at the SGM will be conducted by way of a poll.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are interested or involved in the Capital Reorganisation; and no Shareholders are required to abstain from voting on the relevant special resolution(s) to be proposed at the SGM to approve the Capital Reorganisation.

A circular containing, among other things, (i) a letter from the Board containing further details of the Capital Reorganisation and the change in board lot size; (ii) other information as required under the Listing Rules; and (iii) a notice convening the SGM, is expected to be despatched by the Company to the Shareholders on or before 12 October 2021.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Reduction”	the proposed reduction in the issued share capital of the Company and cancellation of any fractional Consolidated Shares arising out of the Share Consolidation each as detailed in the paragraph headed “(1) Proposed Capital Reorganisation” in this announcement
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Lerado Financial Group Company Limited, 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)

“Consolidated Share(s)”	ordinary share(s) of HK\$5.0 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Capital Reorganisation
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the New Share(s), as the context may require
“Shareholder(s)”	holder(s) of the issued Shares
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of HK\$5.0 into five hundred (500) New Shares of HK\$0.01 each

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

On behalf of the Board
Lerado Financial Group Company Limited
Ho Kuan Lai
Executive Director

Hong Kong, 5 October 2021

As at the date of this announcement, the executive Directors are Mr. CHEN Chun Chieh, Ms. HO Kuan Lai and Mr. LEUNG Kam Por Ken; and the independent non-executive Directors are Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson.