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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)

SUPPLEMENTAL ANNOUNCEMENT VARIATION TO THE TERMS OF MAJOR TRANSACTION ESTABLISHMENT OF JOINT VENTURE COMPANY

This announcement is issued pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 December 2016 in relation to the Proposed JV Formation and the announcement of the Company dated 14 March 2017 in relation to the proposed Capital Reorganisation and the proposed Rights Issue. Unless otherwise specified, terms defined in the Announcements shall have the same meanings when used in this announcement.

As disclosed in the Announcements, under the JV Agreement, the registered capital of the JV Company is expected to be RMB2 billion which will be contributed by the JV Shareholders namely, China Kweichow Moutai, Huakang Insurance, Black Marble Securities, FS Financial Holding, Shijiazhuang Changshan Textile and Zhuhai ZhengBang Logistics as to RMB770,000,000, RMB400,000,000, RMB380,000,000, RMB150,000,000, RMB150,000,000 and RMB150,000,000, in cash, corresponding to a shareholding interest of 38.5%, 20.0%, 19.0%, 7.5%, 7.5% and 7.5%, respectively.

On 9 May 2017, the JV Shareholders agreed Zhuhai ZhengBang Logistics to withdraw from the Proposed JV Formation and transfer its entire equity interests in the JV Company along with the rights and obligations as the JV Shareholder to China Kweichow Moutai. In accordance to the withdrawal of Zhuhai ZhengBang Logistics, China Kweichow Moutai, Qianhai Xinhukang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司) (replacing Huakang Insurance), Black Marble Securities, First Shanghai Financial Investments Limited (第一上海金融投資有限公司) (replacing FS Financial Holding) and Shijiazhuang Changshan Textile entered into a Second Supplementary Agreement.

The registered capital of the JV Company remain unchanged, while the respective Capital Contribution by the New JV Shareholders has been amended as follows: China Kweichow Moutai, Qianhai Xinhukang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司), Black Marble Securities, First Shanghai Financial Investments Limited (第一上海金融投資有限公司), and Shijiazhuang Changshan Textile as to RMB920,000,000, RMB400,000,000, RMB380,000,000, RMB150,000,000 and RMB150,000,000 in cash, corresponding to a shareholding interest of 46.0%, 20.0%, 19.0%, 7.5% and 7.5%, respectively.

Save for the amendments as set out in the Second Supplementary Agreement summarised below, all other principal terms of the JV Agreement and the Supplementary Agreement shall remain in full force and effect.

INTRODUCTION

This announcement is issued pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 December 2016 in relation to the Proposed JV Formation and the announcement of the Company dated 14 March 2017 in relation to the proposed Capital Reorganisation and the proposed Rights Issue (the “**Announcements**”). Unless otherwise specified, terms defined in the Announcements shall have the same meanings when used in this announcement.

As disclosed in the Announcements, under the JV Agreement, the registered capital of the JV Company is expected to be RMB2 billion which will be contributed by the JV Shareholders namely, China Kweichow Moutai, Huakang Insurance, Black Marble Securities, FS Financial Holding, Shijiazhuang Changshan Textile and Zhuhai ZhengBang Logistics as to RMB770,000,000, RMB400,000,000, RMB380,000,000, RMB150,000,000, RMB150,000,000 and RMB150,000,000, in cash, corresponding to a shareholding interest of 38.5%, 20.0%, 19.0%, 7.5%, 7.5% and 7.5%, respectively.

On 9 May 2017, the JV Shareholders agreed Zhuhai ZhengBang Logistics to withdraw from the Proposed JV Formation and transfer its entire equity interests in the JV Company along with the rights and obligations as the JV Shareholder to China Kweichow Moutai. In accordance to the withdrawal of Zhuhai ZhengBang Logistics, China Kweichow Moutai, Qianhai Xinhukang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司) (replacing Huakang Insurance), Black Marble Securities, First Shanghai Financial Investments Limited (第一上海金融投資有限公司) (replacing FS Financial Holding) and Shijiazhuang Changshan Textile (“**New JV Shareholders**”) entered into a second supplementary agreement (“**Second Supplementary Agreement**”).

The registered capital of the JV Company remain unchanged, while the respective Capital Contribution by the New JV Shareholders has been amended as follows: China Kweichow Moutai, Qianhai Xinhukang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司), Black Marble Securities, First Shanghai Financial Investments Limited (第一上海金融投資有限公司), and Shijiazhuang Changshan Textile as to RMB920,000,000, RMB400,000,000, RMB380,000,000, RMB150,000,000 and RMB150,000,000 in cash, corresponding to a shareholding interest of 46.0%, 20.0%, 19.0%, 7.5% and 7.5%, respectively.

THE SECOND SUPPLEMENTARY AGREEMENT

Below sets out a summary of principal amendments to the major terms of the Second Supplementary Agreement.

Date

9 May 2017

Parties

- (1) Black Marble Securities;
- (2) China Kweichow Moutai;
- (3) Qianhai Xinhua Kang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司);
- (4) First Shanghai Financial Investments Limited (第一上海金融投資有限公司); and
- (5) Shijiazhuang Changshan Textile.

Major terms

Pursuant to the Second Supplementary Agreement, the New JV Shareholders agreed that, among other things: –

- i. Zhuhai ZhengBang Logistics is to withdraw from the Proposed JV Formation and transfer its entire equity interests in the JV Company along with its rights and obligations as the JV Shareholder as set out in the JV Agreement and the Supplementary Agreement, including its 7.5% equity interest in the JV Company and its rights to nominate one director to the JV Company to China Kweichow Moutai;
- ii. Qianhai Xinhua Kang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司), is a company incorporated in the PRC with the same beneficial owners of Huakang Insurance, is to replace Huakang Insurance as the New JV Shareholder of the JV Company along with the rights and obligations as the JV Shareholder as defined in the JV Agreement and the Supplementary Agreement;
- iii. First Shanghai Financial Investments Limited (第一上海金融投資有限公司), with the same beneficial owners of FS Financial Holdings, is to replace FS Financial Holding as the New JV Shareholder of the JV Company along with the rights and obligations as the JV Shareholder as defined in the JV Agreement and the Supplementary Agreement;
- iv. Each of the New JV Shareholders, except for China Kweichow Moutai and Qianhai Xinhua Kang Financial Holdings (Shenzhen) Limited (前海新華康金融控股(深圳)有限公司) (each already has its own representative in the Preparatory Group) is permitted to appoint a representative to the Preparatory Group;

- v. Increase in the registered capital of the JV Company would require the consent of 80% or above by the New JV Shareholders, whilst each of them should make their respective additional Capital Contribution according to their respective percentage of equity interest in the JV Company; or to identify alternative capital contribution channels with the approval from all of the New JV Shareholders; or to have new capital injected by new shareholders according to their respective share subscription ratio with the approval from all of the New JV Shareholders;
- vi. (1) Each of the New JV Shareholders shall contribute 2% (replacing 5% as set out in the JV Agreement) of their respective Capital Contribution to the registered capital as a refundable deposit which is payable to the Preparatory Group's designated bank account (not for pre-operating expenses) within two months (replacing within 10 business days as set out in the JV Agreement) after the payment notice is issued by the Preparatory Group; and (2) RMB6 million per year (for pre-operating expenses) payable in proportion to their respective equity interest in the JV Company to the Preparatory Group's designated bank account within two months after the payment notice is issued by the Preparatory Group;
- vii. Each of the New JV Shareholders shall pay the 98% (replacing 95% as set out in the JV Agreement) of their respective Capital Contribution in respect of the registered capital to the JV Company's designated bank account within 30 business days (replacing within 20 business days as set out in the JV Agreement) after the payment notice is issued by the Preparatory Group in accordance with the application status;
- viii. All board meetings are to be voted by simple majority of all of the directors. Resolutions with respect to alter the registered capital of the JV Company, issuance of bonds, merger, division, dissolution and change in corporate form of the JV Company would require the approval by at least 80% of the number of directors; and
- ix. Save for the amendments as set out in the Second Supplementary Agreement, all other provisions of the JV Agreement and the Supplementary Agreement shall remain in full force and effect.

The entering into of the Second Supplementary Agreement of Black Marble Securities, being an indirect wholly-owned subsidiary of the Company, will not change the Capital Contribution and the proportion of equity interest in the JV Company of Black Marble Securities. As such, there is no material impact to the underlying transaction and to the Company. The Directors consider that the terms of Second Supplementary Agreement are on normal commercial basis, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 9 May 2017

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.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.