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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)

UPDATE ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 and Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of Lerado Financial Group Company Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) dated 5 June 2017, 6 June 2017 and 7 June 2017 in relation to, among other matters, the letter dated 5 June 2017 issued by the Securities and Futures Commission of Hong Kong (the “**SFC Letter**”) to the Company and the suspension of trading in shares of the Company (the “**Suspension**”), as well as the announcements of the Company dated 7 June 2017, 9 August 2017 and 20 July 2018.

BUSINESS OPERATIONS OF THE GROUP

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., as well as manufacturing and distributing children plastic toys and medical care products like mobility aid and other medical equipment.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the shareholders and potential investors of the Company with updates on the latest operation and financial status of the Group as at the date of this announcement.

The Directors wish to point out that notwithstanding the Suspension:

- (i) the Group is carrying on its businesses as usual and that the Directors consider that the Suspension does not have any material adverse effect on the daily business operation of the Group;
- (ii) as stated in the 2017 annual report of the Company, the total assets and the net assets value of the Group as at 31 December 2017 was approximately HK\$2,592 million and HK\$1,297 million respectively. The Directors consider that there has been no material adverse change to the total assets and net asset value of the Group since 31 December 2017; and
- (iii) the Suspension does not have material adverse effect on the financial position of the Group.

Meanwhile, the Company is in the process of finalizing the interim results of the Group for the six months ended 30 June 2018, Shareholders and investors should read the interim results announcement of the Group for the six months ended 30 June 2018, which is expected to be published before the end of August 2018 for more details of the business operation.

Reference is also made to the circular of the Company dated 3 February 2017 in relation to the proposed joint venture formation under the Mainland and Hong Kong Closer Economic Partnership Arrangement framework for the purpose of establishing a licensed corporation to provide full range of securities and financial services in the People's Republic of China. The formation is still in the process of application. As at the date of this announcement, the joint venture shareholders are still waiting for the People's Government of Guangdong Province's written consent. Once the written consent is obtained, the joint venture shareholders will submit the formal application to the China Securities Regulatory Commission for the establishment of and the grant of regulatory licenses to the proposed joint venture company.

The information contained above is only based on a preliminary assessment by the Directors with reference to the information currently available to them. Forward-looking statements in this announcement are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein.

EXPECTED TIMETABLE

On 5 June 2017, the Company announced that it had received the SFC Letter whereupon it appeared to the SFC that, among other matters, the circular of the Company dated 26 October 2015 in relation to the open offer announced by the Company on 17 August 2015 included materially false, incomplete or misleading information.

As set out in the announcement of the Company dated 9 August 2017, (i) an independent director council comprising two then independent non-executive Directors was established; and (ii) HLB Hodgson Impey Cheng Limited (“**HLB**”) had been engaged as an independent expert to conduct an independent investigation (the “**Independent Investigation**”) into the matters and issues raised in the SFC Letter. On 6 February 2018, these two independent non-executive Directors resigned in order to devote more time to their career commitments, whereupon Mr. Yu Tat Chi Michael and Mr. Yang Haihui were appointed as new independent non-executive Directors. On 20 July 2018, another then independent non-executive Director resigned in order to devote more time to his personal commitments, and Mr. Lam Williamson was appointed as new independent non-executive Director. On the same day, a new independent committee (the “**IBC**”) of the Board was established comprising all current independent non-executive Directors, namely Mr. Yu Tat Chi Michael, Mr. Yang Haihui and Mr. Lam Williamson. Following establishment of the new IBC, it has engaged new legal advisers and has re-engaged HLB for the Independent Investigation.

On top of the Independent Investigation, the Board also intends to engage third-party internal control adviser to conduct review of the Group’s internal control system.

The Board would also like to set out the tentative timetable relating to its plan going forward:

Matter	Expected time
Issue of draft report relating to the Independent Investigation by HLB	2 months from the date of this announcement
Engagement of internal control adviser	2 months from the date of this announcement

The Company shall take further action based on the Independent Investigation result. The Company will make further announcements relating to any further material development of the above. The Company will also inform the market of all material information for its shareholders and investors to appraise the Company’s position as and when appropriate in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the shares on the Stock Exchange has been suspended with effect from 6 June 2017 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Lerado Financial Group Company Limited
Ho Kuan Lai
Director

Hong Kong, 31 July 2018

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