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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "Board") of Lerado Financial Group Company Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue		**176,731**	154,676
Gross proceeds from sale of held-for-trading investments		**107,637**	—
		284,368	154,676
Continuing operations			
Revenue	*2*	**176,731**	154,676
Cost of inventories and services		**(128,103)**	(130,686)
		48,628	23,990
Other income		**24,270**	6,102
Other gains and losses	*3*	**377,511**	(1,513)
Marketing and distribution costs		**(6,744)**	(7,674)
Research and development expenses		**(2,707)**	(4,250)
Administrative expenses		**(76,027)**	(33,312)
Share of loss of an associate		**(461)**	(650)
Finance cost		**(300)**	—
Profit (loss) before taxation		**364,170**	(17,307)
Income tax expense	*4*	**(68,970)**	(373)
Profit (loss) for the year from continuing operations		**295,200**	(17,680)
Discontinued operation			
Gain on disposal of subsidiaries	*5*	**291,524**	—
Loss for the year from discontinued operation		—	(128,316)
Profit (loss) for the year	*6*	**586,724**	(145,996)

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of land and buildings		**4,641**	37,722
Recognition of deferred tax liability arising on revaluation of land and buildings		**(857)**	(8,840)
		3,784	28,882
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**(2,485)**	(10,895)
Share of exchange difference of an associate		—	84
Reclassification of translation reserve upon disposal of			
— Subsidiaries		—	(155,911)
— An associate		—	489
		(2,485)	(166,233)
Other comprehensive income (expense) for the year		**1,299**	(137,351)
Total comprehensive income (expense) for the year		**588,023**	(283,347)
Profit (loss) attributable to owners of the Company:			
— from continuing operations		**295,291**	(17,680)
— from discontinued operation		**291,524**	(128,316)
		586,815	(145,996)
Loss attributable to non-controlling interests			
— from continuing operations		**(91)**	—
— from discontinued operation		—	—
		(91)	—
Total profit (loss) for the year		**586,724**	(145,996)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**588,114**	(283,347)
Non-controlling interests		**(91)**	—
		588,023	(283,347)
			(Restated)
Earnings (loss) per share	*8*		
From continuing and discontinued operations			
— Basic		**HK53.16 cents**	(HK16.73 cents)
— Diluted		**HK53.15 cents**	N/A
From continuing operations			
— Basic		**HK26.75 cents**	(HK2.03 cents)
— Diluted		**HK26.75 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**110,010**	98,340
Prepaid lease payments		**14,767**	16,151
Investment properties		**32,542**	—
Goodwill		**42,918**	—
Investment in an associate		**7,539**	—
Available-for-sale investments		**5,968**	—
Deposits paid for acquisition of property, plant and equipment		**103,352**	—
Statutory deposits placed with clearing house		**272**	—
		317,368	114,491
Current assets			
Inventories	*9*	**34,303**	26,598
Trade and other receivables and prepayments	*10*	**161,278**	50,680
Prepaid lease payments		**419**	203
Held-for-trading investments	*11*	**511,765**	5,321
Bank balances held in an escrow account	*5*	**34,998**	77,554
Bank balances — trust and segregated accounts		**463,015**	—
Bank balances (general accounts) and cash		**894,934**	796,969
		2,100,712	957,325
Current liabilities			
Trade and other payables and accruals	*12*	**524,261**	90,619
Taxation payable		**26,157**	26,651
Borrowings		**11,540**	—
Derivative financial instruments		**285**	—
Deferred consideration		**—**	307,426
		562,243	424,696
Net current assets		**1,538,469**	532,629
		1,855,837	647,120
Capital and reserves			
Share capital		**383,871**	76,068
Reserves		**1,390,759**	556,798
Total equity		**1,774,630**	632,866
Non-current liability			
Deferred tax liabilities		**81,207**	14,254
		1,855,837	647,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and or on the disclosures set out in these consolidated financial statements.

New and revised HKFRS issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statement[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted investment in equity securities that are currently classified as available-for-sale investments may have to be measured at fair value through profit or loss upon the adoption of HKFRS 9). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segment and to assess its performance. The Group's Executive Directors is the chief operating decision maker for the purposes of HKFRS 8 as it collectively makes strategic decisions in allocating the Group's resources and assessing performance.

During the year ended 31 December 2015, the Group has acquired new businesses of trading of garments and securities brokerage business. The Group also set up new subsidiaries which are engaged in provision of loan services and other financial services during the year ended 31 December 2015.

For the segment reporting purpose to the CODM, the Group is currently organised into the following four operating and reportable segments:

Medical products and plastic toys business	Manufacturing and distribution of medical care products and plastic toys
Trading of garments	Trading of garments accessories, such as nylon type, polyester and polyester string
Securities brokerage business	Securities brokerage, margin financing, underwriting and placements
Money lending business and other financial services	Provision of loan services and other financial services

In October 2014, the Group discontinued its manufacturing and distribution of juvenile and infant products business ("the Juvenile and Infant Product Business"). The segment information reported below does not include any amounts for the Juvenile and Infant Product Business.

Revenue — continuing operations

An analysis of the Group's revenue by major products and services categories for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Medical products	**95,341**	130,850
Plastic toys	**21,588**	23,826
Sales of garment accessories	**23,448**	—
Fee and commission income	**35,254**	—
Interest income from loan receivables	**1,100**	—
	176,731	154,676

Segment revenue and results — continuing operations

The following is an analysis of the Group's revenue and result by reportable and operating segment.

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2015					
Segment revenue — external	**116,929**	**23,448**	**35,254**	**1,100**	**176,731**
Segment results	**(37,910)**	**2,562**	**24,508**	**833**	**(10,007)**
Change in fair value of:					
— investment properties					**(1,303)**
— held-for-trading investment					**373,523**
— derivative financial instruments					**(1,632)**
Property rental income					**2,396**
Share of loss of an associate					**(461)**
Unallocated corporate income					**7,484**
Unallocated corporate expenses					**(5,830)**
Profit before tax					**364,170**

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2014					
Segment revenue — external	154,676	—	—	—	154,676
Segment results	(17,307)	—	—	—	(17,307)
Loss before tax					(17,307)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies.

For the year ended 31 December 2015, segment result represents the profit earned by/loss from each segment without allocation of change in fair value of investment properties/held-for-trading investment/derivative financial instruments, property rental income, share of loss of an associate, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resources allocations and performance assessment.

For the year ended 31 December 2014, the CODM reviewed the Group's performance as a whole for the purpose of resources allocation and performance assessment. The Group had only one reporting and operating segment for the year ended 31 December and 2014 and no segment analysis is presented other than entity-wide disclosures.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	Medical products and plastic toys business	**Trading of garments**	**Securities brokerage business**	**Money lending business and other financial services**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2015					
Segment assets	900,072	70,710	662,262	37,228	1,670,272
Investment properties					32,542
Investment in an associate					7,539
Available-for-sale investments					5,968
Deposits paid for acquisition of property, plant and equipment					103,352
Held-for-trading investments					487,332
Bank balances held in an escrow account					34,998
Other unallocated assets					76,077
Total assets					2,418,080
Segment liabilities	(74,221)	(24,358)	(478,095)	(115)	(576,789)
Derivative financial instruments					(285)
Other unallocated liabilities					(66,376)
Total liabilities					(643,450)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets, other than investment properties, investment in an associate, available-for-sale investments, deposits paid for acquisition of property, plant and equipment, certain held-for-trading investments, bank balance held in an escrow account and assets of the investment holding companies, are allocated to reportable and operating segments; and

- all liabilities, other than derivative financial instrument and liabilities of the investment holding companies, are allocated to reportable and operating segments.

For the year ended 31 December 2014, no information of segment assets and liabilities is regularly reviewed by the CODM for the assessment of performance of different business activities.

Other segment information

	Medical products and plastic toys business	Trading of garments	Securities brokerage business	Money lending business and other financial services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2015						
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	1,070	—	1,570	—	—	2,640
Depreciation of property, plant and equipment	4,748	—	203	—	602	5,553
Impairment loss reversed on trade receivables	(1,740)	—	—	—	—	(1,740)

Geographical information

The Group's operations are principally located in the People's Republic of China ("PRC") and Hong Kong.

Information about the Group's revenue from external customers is presented based on the locations of the customers.

	2015	2014
	HK$'000	*HK$'000*
The United States of America	**38,861**	70,260
Europe*	**51,041**	55,205
The PRC (excluding Hong Kong)	**13,507**	7,434
Australia	**2,455**	3,843
South America	**1,511**	1,840
Hong Kong	**52,434**	—
Others*	**16,922**	16,094
	176,731	154,676

* No further analysis by countries in these two categories is presented because the revenue from each individual country is insignificant to the total revenue.

The majority of the non-current assets are located in the PRC and Hong Kong.

Information about major customers

The Group's revenue from external customers is mainly derived from PRC and Hong Kong. For the year ended 31 December 2015, revenue from the largest customer of medical products and plastic toys business amounted to approximately HK$24,592,000 which contributed more than 10% to the Group's total revenue. For the year 31 December 2014, revenue from the two largest customers in respect of medical products and plastic toys business, amounted to approximately HK$46,600,000 and HK$21,900,000, which individually contributed more than 10% of the total sales of the Group.

3. OTHER GAINS AND LOSSES

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Net foreign exchange gain (loss)	**68**	(1,570)	**—**	2,750	**68**	1,180
Loss on disposal of property, plant and equipment	**(101)**	(64)	**—**	(6,592)	**(101)**	(6,656)
Fair value changes of:						
— investment properties	**(1,303)**	—	**—**	—	**(1,303)**	—
— held-for-trading investments	**380,479**	91	**—**	—	**380,479**	91
— derivative financial instruments	**(1,632)**	—	**—**	(1,731)	**(1,632)**	(1,731)
Loss on disposal of available-for-sale investments	**—**	(9)	**—**	—	**—**	(9)
Gain on disposal of an associate	**—**	39	**—**	—	**—**	39
	377,511	(1,513)	**—**	(5,573)	**377,511**	(7,086)

4. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax:						
Hong Kong Profits Tax	**2,637**	—	—	2,294	**2,637**	2,294
PRC Enterprise Income Tax ("EIT")	**387**	782	—	723	**387**	1,505
Other jurisdictions	**249**	45	—	1,038	**249**	1,083
	3,273	827	—	4,055	**3,273**	4,882
(Over)underprovision in prior years:						
Hong Kong Profits Tax	**(189)**	—	—	(10)	**(189)**	(10)
PRC Enterprise Income Tax	**(189)**	—	—	2,384	**(189)**	2,384
Other jurisdictions	**(21)**	—	—	—	**(21)**	—
	(399)	—	—	2,374	**(399)**	2,374
Deferred taxation:						
Current year	**66,096**	(454)	—	(2,117)	**66,096**	(2,571)
	68,970	373	—	4,312	**68,970**	4,685

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Corporate Income Tax in Taiwan is charged at 17% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

5. DISPOSAL OF SUBSIDIARIES

The Group entered into a S&P Agreement with the Buyer in respect of the Disposal on 16 June 2014, by which control and benefits relating to the Disposed Subsidiaries had been transferred to the Buyer on 31 October 2014.

In accordance with the S&P Agreement, the consideration of HK$930,000,000 (the "Consideration") is subject to adjustments based on any difference between (1) the reference net assets value (the "Reference NAV") of HK$840,000,000 as stated in the S&P Agreement and (2) the net asset value of the Disposed Subsidiaries as of the Disposal Date adjusted for certain items as specifically stated in the S&P Agreement ("the Actual NAV") as determined pursuant to the accounting policies as agreed under the S&P Agreement in the completion accounts. As at 31 December 2014, cash consideration of HK$852,446,000 had been received by the Group and the remaining consideration of HK$77,554,000 had been kept in an escrow account on behalf of the Group and the Buyer in accordance with the S&P agreement which will be released to the Group at the following date, which is the later of (i) 30 April 2015 and (ii) the date when all claims initiated against the Group in the capacity as the Seller prior to 30 April 2015 have been resolved or withdrawn.

In accordance with the S&P Agreement, if the Actual NAV is greater than the Reference NAV, the Buyer will pay the Group the difference. However, if the Actual NAV is lower than the Reference NAV, the Group will pay the Buyer the difference.

On 8 January 2015, the Buyer had requested a significant downward adjustment to the Consideration of HK$307,426,000 (the "Adjustment") based on the draft completion accounts prepared by the Buyer. Out of the Consideration, consideration of HK$622,574,000 was not in dispute between the Group and the Buyer. The Group's entitlement to the remaining consideration of HK$307,426,000 was still subject to possible adjustments to the Actual NAV pending the finalisation of the completion accounts of the Disposed Subsidiaries and a report issued by an independent accountant regarding what appropriate adjustments shall be made to the Actual NAV (an independent accountant may be appointed when the Group and the Buyer cannot reach agreements on what the Actual NAV is in accordance with the S&P Agreement).

For the above reasons, consideration in dispute of HK$307,426,000 had been recognised as a deferred consideration (the "Dispute") and included in the Group's current liabilities as at 31 December 2014. An amount of HK$77,554,000 which was kept in the escrow account on behalf of the Group and the Buyer, was separately presented in the Group's consolidated statement of financial position.

	HK$'000
Adjusted Consideration	
Cash consideration received in 2014	852,446
Cash kept in an escrow account received on behalf of the Group and the Buyer	77,554
Total consideration received by the Group	930,000
Less: deferred consideration	(307,426)
Consideration that is not in dispute between the Group and the Buyer	622,574

The net assets of Disposed Subsidiaries on the Disposal Date were as follows:

	2014
	HK$'000
Property, plant and equipment	503,539
Prepaid lease payments	95,230
Intellectual property rights	128
Deposits paid for lease premium of land	1,083
Inventories	244,422
Amounts due from the Group	32,855
Trade and other receivables	229,675
Bank balances and cash	37,782
Trade and other payables and accruals	(223,331)
Taxation payable	(5,946)
Deferred tax liabilities	(63,510)
Net assets disposed of	851,927

	2014
	HK$'000
Estimated loss on disposal of Disposed Subsidiaries	
Consideration that is not in dispute between the Group and the Buyer	622,574
Net assets disposed of	(851,927)
Release of cumulative translation reserve upon Disposal	155,911
Estimated professional fees and other expenses directly attributable to the Disposal	(12,747)
Estimated loss on Disposal before taxation	(86,189)
Estimated taxes related to the Disposal *(Note)*	(30,608)
Estimated loss on Disposal after taxation	(116,797)
Net cash inflow arising on disposal	
Cash consideration received	852,446
Less: cash and cash equivalent disposed of	(37,782)
	814,664

Note: Taxation consisted of (i) PRC enterprise income tax ("PRC EIT") of HK$25,000,000 estimated based on tax rate of 10% in relation to the transfer of equity interests in certain disposed subsidiaries established in the PRC and (ii) PRC EIT/land appreciation tax ("LAT") of HK$5,608,000 estimated based on PRC EIT tax rate of 15%/LAT effective tax rate of 32% according to the progressive tax rate system in relation to the transfer of certain land and buildings located in the PRC back to a subsidiary of the Company.

Subsequent to 31 December 2015, the Company announced that the Group has reached a final agreement with the Buyer on 1 March 2016 to settle the Dispute between the Group and the Buyer by which both parties jointly instructed the escrow agent to arrange the transfer of US$5,475,000.00 to the Buyer and transfer of the remaining escrow sum to the Group. According to the relevant settlement agreement with the Buyer, the Group and the Buyer agreed not to dispute further. In the opinion of the directors of the Company, the above supported their view as at 31 December 2015 that the Group is entitled to the deferred consideration and accordingly the deferred consideration of HK$307,426,000 has been released to the profit and loss for the year ended 31 December 2015 as an adjusting event after the end of the reporting period.

The Group has recognised a gain on disposal of subsidiaries that took place in prior years of HK$291,524,000 (net of transaction costs) in profit or loss for the year ended 31 December 2015 that is also presented within "discontinued operation" in the consolidated statement of profit or loss and other comprehensive income.

Details are set out in the announcement of the Company dated 1 March 2016.

6. PROFIT (LOSS) FOR THE YEAR

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):						
Salaries, allowances and bonuses, including those of directors	**35,945**	30,706	—	231,957	**35,945**	262,663
Equity settled share-based payments	**9,269**	18	—	—	**9,269**	18
Contributions to retirement benefit schemes, including those of directors	**1,150**	988	—	10,452	**1,150**	11,440
Total employee benefits expense, including those of directors	**46,364**	31,712	—	242,409	**46,364**	274,121
Amortisation of prepaid lease payments	**435**	442	—	1,993	**435**	2,435
Amortisation of intellectual property rights	—	—	—	358	—	358
Auditor's remuneration	**1,788**	1,462	—	444	**1,788**	1,906
Cost of inventories recognised as an expense	**126,764**	130,686	—	821,013	**126,764**	951,699
Depreciation of property, plant and equipment	**5,553**	3,371	—	42,679	**5,553**	46,050
Impairment loss (reversed) recognised on trade receivables	**(1,740)**	1,009	—	—	**(1,740)**	1,009
Write down of trade and other receivables	**2,810**	291	—	9,009	**2,810**	9,300
Direct write-off of inventories	—	4,073	—	2,431	—	6,504
(Reversal) write-down of inventories to net realisable value	**(616)**	1,716	—	15,584	**(616)**	17,300
Bank interest income	**(2,904)**	(827)	—	(2,414)	**(2,904)**	(3,241)
Property rental income net of negligible outgoing expenses	**(2,396)**	(476)	—	—	**(2,396)**	(476)

7. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2014 special dividend of HK30 cents per share	—	228,203
	—	228,203

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2015 (2014: nil).

8. EARNINGS (LOSS) PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Profit (loss) for the year attributable to owners of the Company, for the purpose of basic and diluted earnings (loss) per share	**586,815**	(145,996)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,103,797,659**	872,619,408
Effect of dilutive potential ordinary shares in respect of share options	**229,295**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,104,026,954**	872,619,408

During the year, the Company issued 2,879,030,172 shares at HK$0.15 per share on the basis of three offer shares for every one existing share (the "Open Offer"). The Open Offer was completed on 21 December 2015. Accordingly, the weighted average number of shares for the purposes of basic and diluted earnings (loss) per share have been adjusted for both years. No diluted loss per share was presented for 2014 since the assumed exercise of the share options would result in a decrease in diluted loss per share.

(b) From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Profit (loss) for the year from continuing operations	**295,291**	(17,680)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

(c) From discontinued operation

For the year of 2015, basic earnings per share for the discontinued operation is HK26.41 cents per share and diluted earnings per share for the discontinued operation is HK26.40 cents, based on the profit for the year from the discontinued operations of HK$291,524,000 and the denominators detailed above for both basic and diluted earnings per share.

For the year of 2014, adjusted basic loss per share from discontinued operation was HK14.70 cents per share which were calculated based on the loss from discontinued operation for the year 2014 of HK$128,316,000 and the denominators detailed above. No adjusted diluted loss per share was presented for discontinued operation since the assumed exercise of the share options would result in a decrease in adjusted diluted loss per share.

9. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**21,886**	16,775
Work in progress	**2,600**	6,522
Finished goods	**9,817**	3,301
	34,303	26,598

During the year, a reversal of allowance, HK$616,000 (2014: allowance of HK$17,300,000) was made on obsolete and slow-moving inventory items identified.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables arising from:		
Medical products and plastic toys business and trading of garments *(Note a)*	**42,519**	29,920
Less: allowance for doubtful debts	**(3,185)**	(4,640)
	39,334	25,280
Trade receivables arising from securities brokerage business *(Note b)*:		
— Cash clients	**9,945**	—
— Margin clients	**43,858**	—
— Clearing house	**162**	—
Total trade receivables	**93,299**	25,280
Purchase deposits, other receivables and deposit	**63,579**	18,630
Prepayments	**4,400**	6,770
Total trade and other receivable and prepayments	**161,278**	50,680

Note:

(a) The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**12,064**	9,829
31 to 90 days	**6,722**	13,445
Over 90 days	**20,548**	2,006
	39,334	25,280

(b) In respect of trade receivables from cash clients, all of them are aged within 30 days (from settlement date) at the end of the reporting period. Trade receivables from margin clients are repayable on demand subsequent to settlement date and no ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

11. HELD-FOR-TRADING INVESTMENTS

	2015	2014
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**511,765**	5,321

As at 31 December 2015, 79% of the held-for-trading investments represented investments in China Jicheng Holdings Limited, a company listed on the main board of the Stock Exchange.

The fair value of the Group's held-for-trading investments have been determined by reference to the quoted market bid prices available on the relevant exchanges.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2015	2014
	HK$'000	*HK$'000*
Trade payables arising from medical products and plastic toys business and trading of garments	**24,962**	24,252
Trade payables arising from securities brokerage business		
— Cash clients	**101,008**	—
— Margin clients	**364,575**	—
— Clearing house	**653**	—
Total trade payables	**491,198**	24,252
Accrued expenses	**1,531**	10,597
Other payables	**31,532**	55,770
	524,261	90,619

The following is an aged analysis of trade payables from medical products and plastic toys business and trading of garments presented based on the invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**12,520**	13,310
31 to 90 days	**6,960**	429
Over 90 days	**5,482**	10,513
	24,962	24,252

The average credit period on purchases of goods from medical products and plastic toys business and trading of garments is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The settlement terms of trade payable arising from the securities brokerage business are two days after trade date or at specific terms agreed with clearing house. Trade payables to cash and margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of business of share margin financing.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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.

Medical Products and Plastic Toys Business

For the medical products and plastic toy business, Europe became the largest export market of this segment. Sales revenue from European customers decreased by 7.5% this year to HK$51 million, representing 43.7% of the total revenue from medical products and plastic toys business. Revenue from US customers decreased by 44.7% this year to HK$38.9 million, accounting for 33.2% of the total revenue from medical products and plastic toys business.

In terms of products, sales revenue from medical products for the year was HK$95.3 million, representing a decrease of 27.1% over last year and accounted for 81.5% of the total revenue from medical products and plastic toys business. The decrease was mainly due to keen market competition and price pressure from overseas customers for both powered and manual products. Sales revenue from plastic toys decreased by 9.4% this year to HK$21.6 million mainly due to the intense competition in the market and the decline in orders from Middle East customers.

Securities Brokerage, Margin Financing, Underwriting and Placements

In July 2015, the Group has acquired Black Marble Securities Limited (formerly known as Yim Cheong Share Broking and Investment Company Limited), which has the Stock Exchange Trading Right and license to carry out Type 1 (Dealing in Securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), for diversifying the Group's business portfolio in financial sectors.

Securities brokerage business for this year has generated HK$35.3 million revenue since July 2015, representing 20% of the total revenue from continuing operations of the Group. It was because the Directors have taken a proactive approach in expanding the securities brokerage business after the acquisition and have endeavoured to participate in the securities market as underwriter and placing agent for Hong Kong listed companies in the past months, as well as providing margin financing and brokerage services for the clients.

Money Lending

The Group has commenced its money-lending business in Hong Kong through BlackMarble Capital Limited, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The business has generated HK$1.1 million interest income for this year and the Directors believe that such business can bring in additional revenue for the Group and supplement our securities brokerage and financing businesses.

Sales of Garment Accessories

On 16 June 2015, the Company has completed the acquisition of the trading of garment accessories business from China Automotive Interior Decoration Holdings Limited ("**CAID**"), a company of which the shares are listed on the main board of the Stock Exchange of Hong Kong Limited.

Pursuant to the agreement dated 26 May 2015 entered into between the Company and CAID for the acquisition, CAID unconditionally and irrevocably represented and warranted to the undertaking with the Company that for the period ended from 1 April 2014 to 30 September 2015, the consolidated net profit after taxation of the business stated in the audited report prepared in accordance with Hong Kong Financial Reporting Standards shall not be less than HK$4 million and the said guaranteed profit was achieved. The sales of garment accessories business has generated HK$23.4 million revenue for this year, representing 13.3% of the total revenue from continuing operations of the Group.

Prospects

By the latest fund raising activity of the Company for expanding the financial business sector of the Group, Black Marble Securities Limited has actively participated in the securities market as underwriter and placing agent for Hong Kong listed companies in the past months and targets to keep enlarging the customer base, as well as BlackMarble 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, as such the Company has proposed to change its English name from "LERADO GROUP (HOLDING) COMPANY LIMITED" to "Lerado Financial Group Company Limited" and adopt Chinese name "隆成金融集團有限公司" as its secondary name on 31 December 2015 to better reflect the direction of the Group's business development and create a new corporate image. The abovementioned names have come into effect on 15 February 2016.

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 our 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 activities under the Securities and Futures Ordinance, and 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.

Financial Review

Consolidated revenue from continuing operations for 2015 was HK$176.7 million (2014: HK$154.7 million), representing an increase of 14.2% over last year. Although, the revenue from medical products and plastic toy has decreased by HK$37.8 million, the increase in the consolidated revenue was mainly due to the new businesses carried out during the year, of which the contribution from the securities brokerage business was HK$35.3 million (2014: nil); the sales of garment accessories business was HK$23.4 million (2014: nil); and from the money lending business was HK$1.1 million (2014: nil).

Gross profit margin of continuing operations for the year was 27.5%, representing an increase of approximately 12 percentage points as compared to the gross profit margin of 15.5% last year. It was mainly due to (i) the gross profit margin of the medical products and plastic toys business for the year was 6.8%, representing a decrease of approximately 8.7 percentage points as compared to the gross profit margin of 15.5% last year. The decrease was mainly due to the intense market competition and the pressure for lower prices from overseas customers for the medical products; (ii) the securities brokerage business that the Group has acquired in 2015 has a higher gross profit ratio than the medical products and plastic toys businesses.

The Group recorded a profit for the year from continuing operations for approximately HK$295.2 million (2014: loss for the year from continuing operations of HK$17.7 million). The improvement was mainly due to the record of other net gain of HK$377.5 million for the year (2014: other net loss of approximately HK$1.5 million), which was mainly contributed by the fair value changes in held-for-trading investments of HK$380.5 million, and the increase in gross profit by HK$24.6 million. Besides, the marketing and distribution cost was HK$6.7 million for the year (2014: HK$7.6 million), representing a decrease of 12.1% over last year. Administrative expenses amounted to HK$76 million (2014: HK$33.3 million), representing an increase of 128.2% over last year, it was mainly due to the administrative expenses incurred by the new businesses acquired and carried out by the Group during the year. Research and development amounted to HK$2.7 million (2014: HK$4.3 million), representing a decrease of 37.2% over last year.

The Group also recorded profit of HK$291.5 million from discontinued operation (2014: loss of the year from discontinued operation HK$128.3 million) which was mainly attributable to the gain on disposal of subsidiaries. As explained in the "Gain on disposal of subsidiaries" section below, for the year ended 31 December 2014, the gain or loss on disposal of subsidiaries was recognised only to the extent of the portion of the consideration that was not in dispute. Accordingly, in view of the execution of the Settlement Agreement in March 2016, gain on disposal of subsidiaries of HK$291.5 million was recognized in the year ended 31 December 2015.

Profit attributable to owners of the Company was amounted to HK$586.8 million for the year (2014: loss attributable to owners of the Company of HK$146 million).

Acquisitions of Assets and Subsidiaries

On 31 March 2015, the Group entered into a sale and purchase agreement with China Investment and Finance Group Limited, a company of which the shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**SEHK**"), pursuant to which the Group acquired assets for cash of HK$1 million and 76.0 million shares of the Company were issued to the vendor as consideration. The acquisition was completed on 17 April 2015.

On 26 May 2015, the Company entered into an agreement with China Automotive Interior Decoration Holdings Limited, a company of which the shares are listed on the main board of SEHK, pursuant to which the Group acquired the business of trading of garment accessories. The acquisition was completed on 16 June 2015, and 75.0 million shares of the Company were issued to the vendor as consideration.

On 15 April 2015 and 27 May 2015, the Group has acquired a total of 48 blocks of villa under development situated at Jinyuan Baoxing Shicheng Estate, Dawa County, in Liaoning Province, PRC at an aggregate cash consideration of Renminbi 81.5 million (approximately HK$103.4 million).

Liquidity and Financial Resources

The Group adopts a conservative policy in its financial management and maintains a solid financial position. During the year, the Group had used HK$235.8 million in its operating activities and HK$115 million in investing activities and had net cash inflow of HK$444.8 million from financing activities. Cash and cash equivalent at 31 December 2015 was increased by HK$98 million as compared to HK$797 million as at 31 December 2014.

As at 31 December 2015, the Group's bank and cash, mainly denominated in Hong Kong Dollar and US dollar, was HK$894.9 million. The Group has bank overdraft amounted to HK$5 million (2014: nil) and bank loan amounted to HK$6.6 million (2014: nil) as at 31 December 2015.

As at 31 December 2015, the Group had net current assets of HK$1,538.5 million (31 December 2014: HK$532.6 million) and a current ratio of 3.7 (31 December 2014: 2.3). Average trade receivable turnovers and average inventory turnovers for the medical products and plastic toys business and trading of garments were 84 days (31 December 2014: 46 days) and 88 days (31 December 2014: 57 days) respectively. The Group's gearing ratio as at 31 December 2015 was 0.65% (2014: nil).

Significant Investments

At 31 December 2015, the Group held approximately 295.8 million shares of China Jicheng Holdings Limited ("**CJHL**") of fair value HK$405.3 million representing 17% of the total assets of the Group as at 31 December 2015 (the "Significant Investments"). The shares of CJHL is listed on the main board of SEHK and is principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers. Except the Significant Investments held by the Group, there was no other held-for-trading investments held by the Group valued more than 5% of the total assets of the Group as at 31 December 2015.

Going forward, the Directors consider the performance of the equities may remain susceptible to external market condition.

Result of the Open Offer

On 17 August 2015, the Company proposed to raise gross proceeds of not less than HK$431.9 million before expenses by issuing not less than 2,879,030,172 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.15 per offer share by way of an open offer on the basis of three offer shares for every one existing share held on the record date (the "Open Offer"). On 21 December 2015, 2,879,030,172 ordinary shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$421.6 million.

Up to the date of this announcement, proceed from the open offer (i) for the HK$288 million intended to be used in Black Marble Securities Limited, the Group has utilized approximately HK$200 million as a capital injection into Black Marble Securities Limited. For the remaining proceeds from the open offer for Black Marble Securities Limited, the directors intend to finance it by way of subordinated loan for its potential margin financing clients. The application of the subordinated loan has been submitted to Securities & Future Commission, and is subject to their approval; (ii) for the HK$117 million intended to be used in the money lending business, the Group has fully utilized as intended.

For details of the Open Offer, please refer to the announcements of the Company dated 17 August 2015, 8 September 2015, 25 September 2015, 13 November 2015, 18 December 2015, the circular of the Company dated 26 October 2015 and the prospectus of the Company dated 17 November 2015.

Gain on disposal of subsidiaries

On 16 June 2014, the Group entered into a sale and purchase agreement (the "Agreement") with a subsidiary of Dorel Industries (the "Buyer") to dispose of its subsidiaries that operated the Group's manufacture and distribution of juvenile and infant products business (the "Disposed Subsidiaries") at a consideration of HK$930 million (subject to adjustment). The disposal was completed in October 2014.

Pursuant to the Agreement, the consideration for the disposal is subject to adjustment based on the difference between the Reference NAV of HK$840 million and the Actual NAV of the Disposed Subsidiaries as determined in the completion accounts. The Buyer has requested a significant downward adjustment to the consideration for the disposal of HK$307.4 million based on the draft completion accounts prepared by the Buyer. The Group and the Buyer have not reached agreement on the disputed items in the draft completion accounts. In accordance with the terms of the Agreement, on 20 July 2015, the Group and the Buyer jointly appointed RSM Nelson Wheeler Hong Kong as the independent accountant to resolve the disputed items and to determine what adjustments would need to be made to the completion accounts and thus the consideration payable under the Agreement.

On 1 March 2016, the Group and the Buyer group (collectively the "Parties") entered into a settlement agreement (the "Settlement Agreement") in relation to the dispute arising out of the Agreement (the "Dispute"). By the Settlement Agreement, the Parties have settled their differences and have agreed terms for the full and final settlement of the Dispute. The Settlement Agreement has been entered into on the basis that there is no admission of liability or wrongdoing on the part of any party. The Settlement Agreement fully and finally settles all and/or any claims between the Group and the Buyer group. Following execution of the Settlement Agreement, the Parties have jointly instructed the escrow agent to arrange transfer of Hong Kong dollar equivalent of US$5,475,000 to the Buyer and transfer of the remaining escrow sum to the Group.

In the opinion of the directors of the Company, the above supported their view that the deferred consideration net of relevant transaction costs should be recognised in the profit and loss for the year ended 31 December 2015 as an adjusting event after the end of the reporting period. As such, the Group has recognised a gain on disposal of subsidiaries of HK$291,524,000 in profit or loss for the year ended 31 December 2015 that is also presented within "discontinued operation" in the consolidated statement of profit or loss and other comprehensive income.

Pledge of Assets

The bank borrowings were secured by personal guarantee and properties provided by a director of a subsidiary who is not a director of the Company, and guarantee provided by The Government of the Hong Kong Special Administrative Region under the Small and Medium Enterprise Loan Guarantee Scheme and charges over the Group's investment property of approximately HK$11.5 million. No asset of the Group was pledged as at 31 December 2014.

Exchange Risk Exposure

The Group's monetary assets, liabilities and transactions are mainly denominated in US dollar, Renminbi, Hong Kong dollar, Euro and New Taiwan dollar. In the event that Renminbi appreciates, the Group will be affected directly. Although the Group currently does not maintain any hedging policy to hedge against foreign exchange exposure that may arise from the above transactions, the management team continuously assesses the foreign currency exposure, with an aim to minimize the impact of foreign exchange fluctuation on the Group's business operations.

Equity Price Risk Exposure

The Group is exposed to equity price risk through its investments in listed securities. Although, the Group currently does not maintain any hedging policy to hedge against the equity price risk, the management team manages this exposure by monitoring the price movements and the changes in market conditions that may affect the value of the investments and will consider taking appropriate actions to minimize the risk.

Contingent Liability

As at 31 December 2015, the Group was involved:

(i) in proceedings in relation to certain wholly-owned subsidiaries of the Company and Disposed Subsidiaries which entered into agreement with a U.S. based supplier in August 2002, pursuant to which the supplier appointed the Group as its exclusive distributor for the territories of China and Taiwan for a term of five years. The date of termination of the agreement is still being reviewed.

    The supplier initiated proceedings against the Group in the U.S. alleging that the Group owed them outstanding commission of approximately US$2.2 million which is still being reviewed by the United States District Court. The Group denied the allegations of the supplier and disputed their claims. The trial date has not been set. As the outcome of the proceedings is uncertain, the Board is of the opinion that no provision for any potential liability would need to be made for the related claims in the consolidated financial statements of the Company as at 31 December 2015.

(ii) as a joint defendant in a civil claim initiated at the United States District Court for the District of Nebraska in April 2014 together with, among others, Baby Trend, Inc. on the alleged faulty design in a car seat manufactured by the Group under contract for Baby Trend, Inc. A trial date has been set on 28 February 2017. The outcome of the proceedings is uncertain as at 31 December 2015 and no provisions for any potential liability needs to be made for the related claim in the consolidated financial statements of the Company as at 31 December 2015.

Employees and Remuneration Policies

As at 31 December 2015, the Group employed a total workforce of around 300 staff members, of which about 230 worked in the PRC, about 10 in Taiwan and the remaining in Hong Kong.

Apart from basic salaries, discretionary bonus and contribution to retirement benefits schemes, share options may also be granted to staff with reference to the individual's performance. Moreover, the Group also provides internal and external training to its staff to enable them to achieve self-improvement and to enhance their job related skills.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company has fully complied with Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015, save for deviations as stated hereof:

Code Provision A.2.1 — The roles of the chairman and the chief executive officer of the Company were not separated and were performed by the same individual, Mr. Huang Ying Yuan throughout the year ended 31 December 2015.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed that, following specific enquiry by the Company, they fully complied with the required standard as set out in the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee of the Company comprising the three Independent Non-executive Directors, has reviewed the accounting principles and practices adopted by the Company and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2015.

EVENTS AFTER THE REPORTING PERIOD

(i) On 29 January 2016, the Company and Black Marble Securities Limited entered into a placing agreement pursuant to which Black Marble Securities Limited has agreed to act as the placing agent, on a best effort basis, and shall last for a period of 12 months from the date of the placing agreement, for the purposes of arranging the placees for the bonds up to an aggregate principal amount of HK$200,000,000.

(ii) On 15 February 2016, the English name of the Company has been changed from "LERADO GROUP (HOLDING) COMPANY LIMITED" to "Lerado Financial Group Company Limited", and the Chinese name "隆成金融集團有限公司" has been adopted as the secondary name of the Company in place of "隆成集團(控股)有限公司" which was adopted by the Company for identification purposes only.

DIVIDENDS

The Board does not recommend the payment of a final dividend.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The Company's annual report for the year ended 31 December 2015 containing all the relevant information required by the Listing Rules will be published in due course on the website of The Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the website at www.lerado.com.

By Order of the Board
Huang Ying Yuan
Chairman

30 March 2016

As at the date of this announcement, the executive Directors of the Company are Mr. HUANG Ying Yuan, Mr. HUANG Shen Kai, Mr. CHEN Chun Chieh and Mr. LAI Kin Chung, Kenneth; and the independent non-executive Directors of the Company are Mr. LAM Chak Man, Mr. YE Jianxin and Mr. CHERN Shyh Feng.