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LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

INSIDE INFORMATION UPDATE ON VERY SUBSTANTIAL DISPOSAL

This announcement is made by Lerado Group (Holding) Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

References are made to the circular of the Company dated 28 August 2014 (the “**Circular**”), the announcements of the Company dated 3 November 2014, 28 November 2014, 10 February 2015, 27 March 2015 and 20 July 2015 in relation to the Disposal. Unless otherwise defined, terms used in this announcement have the same meanings used in the Circular.

The Board is pleased to announce that, on 1 March 2016, the Seller, the Company and Zhongshan Lerado Qihang Trading Co., Ltd on the one part, and the Buyer, Dorel Industries Inc. and Zhongshan Lerado Mfg Co. Ltd on the other part, (respectively “**Party 1**”, “**Party 2**”, “**Party 3**” and “**Party 4**”, “**Party 5**”, “**Party 6**”, collectively the “**Parties**”) entered into a Settlement Agreement (the “**Settlement Agreement**”) in relation to the dispute (the “**Dispute**”) arising out of and in relation to the Agreement, and ancillary agreements between the Parties (including but not limited to an agreement entered into between Party 3 and Party 6 on 26 August 2014 (the “**Medical Business SPA**”)), and the transaction contemplated therein.

As previously announced, on 20 July 2015, RSM Nelson Wheeler Hong Kong has been appointed the independent accountant for the purposes of resolving the disputed items in relation to draft completion accounts, and so determining the adjustments (if any) required to be made to the draft completion accounts and the amount thus payable under the Agreement (the “**Completion Accounts Dispute**”) (the “**IA Proceedings**”). Subsequently, there have been two arbitration proceedings arising out of and incidental to various issues in relation to the Medical Business SPA and the IA Proceedings respectively (the “**Ancillary Disputes**”) (the “**Ancillary Proceedings**”).

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 key clauses relating to the settlement between the Parties under the Settlement Agreement are summarized below:

1. Subject to the terms and conditions set out in the Settlement Agreement, payment in accordance with paragraphs 2 and 3 below shall fully and finally settle all and/or any claims between Dorel Group (being Party 4, Party 5, Party 6, and any of their affiliated entities) and Lerado Group (being Party 1, Party 2, Party 3, and any of their affiliated entities), arising out of, in connection with and/or incidental to the Agreement and the Medical Business SPA and all related dealings and transactions between them, including but without limitation to, *inter alia*:
 - (a) the Dispute (including the Completion Accounts Dispute and the Ancillary Disputes);
 - (b) the underlying facts relating to the Dispute; and
 - (c) the IA Proceedings and the Ancillary Proceedings.
2. Within five calendar days following execution of the Settlement Agreement, Party 1 and Party 4 shall jointly instruct the escrow agent to arrange for the transfer of the Hong Kong dollar equivalent of US\$5,475,000.00 to Party 4 in to an account to be designated by Party 4.
3. Within five calendar days following execution of the Settlement Agreement, Party 1 and Party 4 shall jointly instruct the escrow agent to arrange for the transfer of the remaining escrow sum (together with any interest held by the escrow agent, if any) to Party 1 in to an account to be designated by Party 1.

The Board considers that the Settlement Agreement as described above is fair and reasonable and in the interests of the Company and the shareholders as a whole.

The Company will make further announcement on any significant developments as and when appropriate.

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

By Order of the Board
Lerado Group (Holding) Company Limited
Huang Ying Yuan
Chairman

1 March 2016

As at the date of this announcement, the executive Directors 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 are Mr. LAM Chak Man, Mr. YE Jianxin and Mr. CHERN Shyh Feng.

** For identification purposes only*