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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 to the Company and the suspension of trading in shares of the Company, as well as the announcements of the Company dated 7 June 2017, 9 August 2017, 20 July 2018, 31 July 2018, 7 November 2018, 31 January 2019, 12 March 2019, 30 April 2019, 17 June 2019, 1 August 2019 and 1 November 2019. Capitalised terms used in this announcement shall have the same meaning as those defined in the announcement of the Company dated 12 March 2019, unless the context requires otherwise.

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 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 Group is carrying on its business as usual, and as stated in the interim report of the Company for the six months ended 30 June 2019, the total assets and the net assets value of the Group as at 30 June 2019 were approximately HK\$2,196 million and HK\$1,190 million, respectively. The directors of the Company (the “**Directors**”) consider that there has been no material adverse change to the total assets and net asset value of the Group since 30 June 2019.

Meanwhile, the Company is in the process of finalising the annual results of the Group for the year ended 31 December 2019. The shareholders and potential investors of the Company should read the annual results announcement of the Group for the year ended 31 December 2019 carefully, which is expected to be published before the end of March 2020 with more details of its business operation.

Reference is also made to the circular of the Company dated 3 February 2017 in relation to the proposed joint venture (the “**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 “**PRC**”).

The Directors wish to inform the shareholders and potential investors that China Kweichow Moutai (Group) Distillery Co., Ltd (“**China Kweichow Moutai**”), Qianhai Xinhua Kang Financial Holdings (Shenzhen) Limited (“**Qianhai Xinhua Kang**”), First Shanghai Financial Investments Limited, Shijiazhuang Changshan Textile Co., Ltd and Black Marble Securities Limited (the “**JV Shareholders**”) entered into a termination agreement on 16 January 2020, pursuant to which, among others, the JV Shareholders agreed to terminate the joint venture agreement dated 29 December 2016, the supplementary agreement dated 29 December 2016 and the second supplementary agreement dated 9 May 2017 (collectively, the “**JV Agreements**”), as it is anticipated that the application will not be approved by the China Securities Regulatory Commission under the current market condition in the PRC, after the assessment by China Kweichow Moutai and Qianhai Xinhua Kang. The Board considers that the termination of the JV Agreements will not cause any material adverse effect on the operation and business of the Group.

EXPECTED TIMETABLE

The Company wishes to update that the Company has re-engaged HLB, which was engaged as the internal control adviser to the Company, to have a follow up review on the effectiveness of the newly adopted system based upon the review of the internal control system by HLB, and it is expected to be finished within two months from the date of this announcement. The Company has also instructed legal advisers to take further actions based on the counsel’s views on possible actions made available for addressing the concerns raised by SFC, in view of HLB’s (in its capacity relating to the Independent Investigation) observations in the Independent Investigation. The said legal advisers have further conducted an investigation on the Company’s shareholdings under section 329 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as advised by the counsel’s view. Based on the information made available to the Company as at the date of this announcement, it seems no other shareholders were holding any shares of the Company for and on behalf of the Three Companies and the Ex-Executive Director A.

The Company will make further announcement(s) in relation to further material developments of the above, if any. The Company will also inform the market of all material information for the shareholders and potential investors of the Company to appraise the Company's position as and when appropriate in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company 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
Executive Director

Hong Kong, 13 February 2020

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.