

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Lerado Financial Group Company Limited

隆成金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “Board”) of directors (the “Directors”) of Lerado Financial Group Company Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, along with the comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited) (restated)
CONTINUING OPERATIONS:			
Revenue		102,104	96,352
Gross proceeds from sale of financial assets at fair value through profit or loss (“FVTPL”)		5,911	783
		108,015	97,135
Revenue	3	102,104	96,352
Cost of inventories and services		(23,786)	(19,113)
		78,318	77,239
Other income		3,293	2,903
Other gains and losses		(16,039)	(13,137)
Marketing and distribution costs		(1,883)	(1,494)
Administrative expenses		(34,867)	(34,305)
Share of profit/(loss) of an associate		211	(19)
Finance cost		(31,439)	(31,841)
Loss before taxation		(2,406)	(654)
Income tax expense	4	(2,890)	(3,841)
Loss for the period from continuing operations	5	(5,296)	(4,495)
DISCONTINUED OPERATION:			
Loss for the period from discontinued operation		(3,075)	(1,470)
Loss for the period		(8,371)	(5,965)
Other comprehensive income/(expense)			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising from translation		1,295	(2,596)
Other comprehensive income/(expense) for the period		1,295	(2,596)

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
			(restated)
Total comprehensive expense for the period		(7,076)	(8,561)
Loss for the period attributable to:			
– Owners of the Company			
– from continuing operations		(5,058)	(4,242)
– from discontinued operation		(3,075)	(1,470)
– Non-controlling interests		(238)	(253)
		(8,371)	(5,965)
Total comprehensive expense for the period attributable to:			
– Owners of the Company			
– from continuing operations		(3,763)	(6,838)
– from discontinued operation		(3,075)	(1,470)
– Non-controlling interests		(238)	(253)
		(7,076)	(8,561)
		<i>HK cents</i>	<i>HK cents</i>
			(restated)
Loss per share	7		
From continuing and discontinued operations:			
– basic		(0.35)	(0.25)
– diluted		(0.35)	(0.25)
From continuing operations:			
– basic		(0.22)	(0.18)
– diluted		(0.22)	(0.18)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		24,877	26,527
Right-of-use assets		14,575	17,298
Investment properties		19,709	65,087
Investment in an associate		10,144	9,824
Equity instruments at FVTPL	9	27,305	25,557
Statutory deposits placed with clearing house		205	205
Deferred tax assets		20,887	19,317
		117,702	163,815
Current assets			
Inventories		21,296	13,807
Trade and other receivables and prepayments	8	215,519	200,719
Loans receivables	8	1,445,339	1,397,480
Financial assets at FVTPL	9	77,697	79,877
Tax recoverable		266	716
Bank balances – trust and segregated accounts		8,586	26,536
Bank balances (general accounts) and cash		191,018	230,249
		1,959,721	1,949,384
Current liabilities			
Trade and other payables and accruals	10	142,894	142,823
Lease liabilities		2,917	5,377
Taxation payable		22,095	17,554
Borrowings		–	36,016
		167,906	201,770
Net current assets		1,791,815	1,747,614
Total assets less current liabilities		1,909,517	1,911,429

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Capital and reserves		
Share capital	690,968	690,968
Reserves	416,307	423,145
	<u>1,107,275</u>	<u>1,114,113</u>
Non-controlling interests	<u>146</u>	<u>384</u>
Total equity	<u>1,107,421</u>	<u>1,114,497</u>
Non-current liabilities		
Bond	786,506	780,954
Deferred tax liabilities	15,590	15,556
Lease liabilities	–	422
	<u>802,096</u>	<u>796,932</u>
Total equity and non-current liabilities	<u>1,909,517</u>	<u>1,911,429</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those adopted in the preparation of 2020 annual report of the Company dated 31 March 2021 (the “Annual Report”) except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include add HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

The HKICPA has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 16, COVID-19 – Related Concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The adoption of these new or amendments to HKFRSs does not have any significant financial effect on the Group’s condensed consolidated interim financial information.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The Directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the Audit Committee.

3. REVENUE AND 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 are the CODM for the purposes of HKFRS 8 as it collectively makes strategic decisions in allocating the Group’s resources and assessing performance.

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

Continuing operations

Medical products and plastic toys business	Manufacturing and distribution of medical care products and plastic toys
Securities brokerage business and assets management services	Securities brokerage, margin financing and underwriting and placements and provision of asset management services
Money lending business and other financial services	Provision of loan services and other financial services

Discontinued operation

Trading and sourcing of garments	Trading and sourcing of garments accessories, such as nylon type, polyester and polyester string
----------------------------------	--

The following is an analysis of the Group’s revenue by major products and service categories for the period:

	Six months ended 30 June	
	2021 <i>HK\$’000</i> (unaudited)	2020 <i>HK\$’000</i> (unaudited) (restated)
Continuing operations:		
Medical products	23,248	18,225
Plastic toys	6,662	4,183
Fee and commission income	9,485	8,737
	<hr/>	<hr/>
Revenue from contracts with customers	39,395	31,145
Interest income from loan receivables and finance lease receivables	62,709	65,207
	<hr/>	<hr/>
	102,104	96,352
	<hr/>	<hr/>
Discontinued operation:		
Sales of garment accessories	260	543
	<hr/>	<hr/>
	102,364	96,895
	<hr/>	<hr/>

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

	Continuing operations			Discontinued operation		Total <i>HK\$'000</i> (unaudited)
	Medical products and plastic toys business <i>HK\$'000</i> (unaudited)	Securities brokerage business and assets management services <i>HK\$'000</i> (unaudited)	Money lending business and other financial services <i>HK\$'000</i> (unaudited)	Total for continuing operations <i>HK\$'000</i> (unaudited)	Trading and sourcing of garments <i>HK\$'000</i> (unaudited)	
For the six months ended 30 June 2021						
Segment revenue – external	<u>29,910</u>	<u>8,655</u>	<u>63,539</u>	<u>102,104</u>	<u>260</u>	<u>102,364</u>
Segment results	<u>(3,801)</u>	<u>(10,032)</u>	<u>51,257</u>	<u>37,424</u>	<u>(3,132)</u>	<u>34,292</u>
Change in fair value of:						
– financial asset at FVTPL				(2,713)	–	(2,713)
Realised loss of financial asset at FVTPL				(2,912)	–	(2,912)
Property rental income				1,423	57	1,480
Gain on disposal of subsidiaries				77	–	77
Gain on disposal of discontinued operations				81	–	81
Unallocated corporate income				413	–	413
Unallocated corporate expenses				<u>(36,199)</u>	<u>–</u>	<u>(36,199)</u>
Loss before taxation				<u>(2,406)</u>	<u>(3,075)</u>	<u>(5,481)</u>

	Continuing operations			Discontinued operation		
	Medical products and plastic toys business <i>HK\$'000</i> (unaudited)	Securities brokerage business and assets management services <i>HK\$'000</i> (unaudited)	Money lending business and other financial services <i>HK\$'000</i> (unaudited)	Total for continuing operations <i>HK\$'000</i> (unaudited)	Trading and sourcing of garments <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
For the six months ended 30 June 2020 (restated)						
Segment revenue – external	22,408	8,055	65,889	96,352	543	96,895
Segment results	(5,876)	(17,335)	62,927	39,716	(1,600)	38,116
Change in fair value of: – financial asset at FVTPL				(3,152)	–	(3,152)
Realised loss of financial asset at FVTPL				(169)	–	(169)
Property rental income				1,462	130	1,592
Unallocated corporate income				960	–	960
Unallocated corporate expenses				(39,471)	–	(39,471)
Loss before taxation				(654)	(1,470)	(2,124)

4. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited) (restated)
Continuing operations		
Current tax:		
Hong Kong	4,346	10,803
The People's Republic of China (the "PRC")		
Enterprise Income Tax	375	197
	4,721	11,000
Over provision in prior years	(262)	(5,540)
Hong Kong Profit Tax	4,459	5,460
Deferred tax:		
Current period	(1,569)	(1,619)
	2,890	3,841
Discontinued operation	–	–
Income tax expense	2,890	3,841

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC 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.

5. LOSS FOR THE PERIOD

	Six months ended 30 June			
	2021		2020 (restated)	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:				
Depreciation of property, plant and equipment	1,752	–	2,121	–
Gain on disposal of property, plant and equipment	(44)	–	(19)	–
Depreciation of right-of-use assets	2,399	81	2,544	162
Fair value change of financial asset at FVTPL	5,625	–	3,327	–
Impairment loss, net of reversal on trade and other receivable	1,061	–	8,456	–
Impairment loss, net of reversal on loan receivable	9,511	–	1,358	–
Allowance for inventories	33	–	62	–
Bank interest income	112	–	(69)	–
Finance cost				
– Bank overdrafts and loans	771	118	1,525	82
– Bond	30,548	–	30,044	–
– Lease liabilities	120	5	272	20
Property rental income net of negligible outgoing expenses	(1,423)	(57)	(1,462)	(130)
Gain on disposal of subsidiaries	77	–	–	–
Gain on disposal of discontinued operation	81	–	–	–

6. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
Loss for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share		
– from continuing operations	(5,058)	(4,242)
– from discontinued operation	(3,075)	(1,470)
	<u>(8,133)</u>	<u>(5,712)</u>
From continuing and discontinued operations	<u>(8,133)</u>	<u>(5,712)</u>
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>2,303,224,137</u>	<u>2,303,224,137</u>

The computation of diluted loss per share for the six months ended 30 June 2021 and 2020 does not assume the exercise of the Company's options as the exercise would result in a decrease in loss per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND LOANS RECEIVABLES AND FINANCE LEASE RECEIVABLES

- (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 from medical products and plastic toys business and trading of garment presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 30 days	7,685	6,034
31 to 90 days	3,346	3,883
Over 90 days	4,246	12,160
	<hr/> 15,277 <hr/>	<hr/> 22,077 <hr/>

- (b) The normal settlement terms of trade receivable from cash clients and securities clearing house are two days after trade date.
- (c) 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. Margin loan receivables from margin clients are repayable on demand subsequent to settlement date. No ageing analysis is disclosed, as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.
- (d) As at 30 June 2021, approximately 22% of the loan receivables from the money lending and other financial services business were secured by pledged of assets or personal guarantee. The total amounts of the loans receivables are repayable on demand or within one year from the end of the reporting period. Interest rate on the fixed rate loans receivables as at 30 June 2021 was ranged from 6% to 18% per annum (2020: from 6% to 18% per annum).

In determining the impairment of loans receivables from money lending business, the management considers the settlements subsequent to maturity of the relevant loans receivables and the estimated recoverable amount of the corresponding pledged assets of each borrower less cost to sell.

- (e) For the factoring loan receivables, the credit period granted to each of the customers is generally within one year. The effective interest rate of the above factoring loan receivables is ranging from 10% to 15% per-annum as at 30 June 2021.

9. FINANCIAL ASSET AND EQUITY INSTRUMENTS AT FVTPL

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Financial assets mandatorily at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	61,447	63,047
Unlisted equity fund	27,305	25,557
Unlisted debt securities	16,250	16,830
	105,002	105,434
Analysed for reporting purpose as:		
Current assets	77,697	79,877
Non-current assets	27,305	25,557
	105,002	105,434

The Group has recorded a loss on fair value changes of held-for-trading investments for the six months ended 30 June 2021 of approximately HK\$5.6 million (2020: HK\$3.3 million).

The fair value of measurement of the Group's listed securities held-for-trading investments were categorised into Level 1 and fair value have been determined by reference to the quoted market bid prices available on the relevant exchanges. The fair value of measurement of the Group's unlisted equity fund were categorised into Level 3 and fair value have been determined by reference to the adjusted net asset value. The fair value of measurement of the Group's unlisted debt securities were categorised into Level 3 and fair value have been determined by reference to the discounted cash flows with yield to maturity being the key input.

10. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 30 days	15,064	7,617
31 to 90 days	1,087	1,442
Over 90 days	4,098	12,696
	<u>20,249</u>	<u>21,755</u>

11. DISCONTINUED OPERATION

On 1 April 2021, the Company entered into the sale and purchase agreement with the purchaser to dispose all its 100% equity interest of Brilliant Summit Limited, a wholly-owned subsidiary of the Company, and the transaction was completed on 8 April 2021 at a consideration of HK\$650,000. The analysis of the results of discontinued operation is as follows:

(a) Results of discontinued operation

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	260	543
Other income	57	402
Other gain/loss	(200)	–
Administrative expenses	(3,068)	(2,313)
Finance cost	(124)	(102)
	<u>(3,075)</u>	<u>(1,470)</u>
Loss before taxation	–	–
Income tax expenses	–	–
	<u>–</u>	<u>–</u>
Loss from discontinued operation for the period attributable to owners of the Company	<u>(3,075)</u>	<u>(1,470)</u>

(b) **Analysis of assets and liabilities**

	<i>HK\$'000</i> (unaudited)
Property, plant and equipment	190
Investment property	6,800
Right of use assets	243
Cash and cash equivalents	1,920
Trade and other receivables and prepayments	11,830
Bank loan	(2,935)
Bank overdraft	(5,003)
Trade and other payables and accruals	(12,195)
Finance lease payable	(142)
Lease liabilities	(139)
	<hr/>
Net assets disposed of	<u>569</u>
Gain on disposal of discontinued operation:	
Consideration received in cash	650
Net assets disposed of	<u>(569)</u>
Gain on disposal	<u>81</u>
Net cash inflow on disposal of a subsidiary	
Consideration received in cash and bank balance	650
Add: bank overdraft	5,003
Less: cash and bank balance disposal of	<u>(1,920)</u>
	<hr/>
	<u>3,733</u>

12. DISPOSAL OF SUBSIDIARIES

Treasure Boom Holdings Limited and its subsidiary

On 14 April 2021, the Company entered into a sale and purchase agreement with the purchaser to dispose of its 100% equity interest in Treasure Boom Holdings Limited (“Treasure Boom”), a wholly-owned subsidiary of the Company at a consideration of HK\$8,100,000. The net assets of the Treasure Boom and its subsidiary (collectively, the “Treasure Boom Group”) at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	<i>HK\$'000</i>
Investment properties	38,600
Cash and cash equivalents	3
Prepayment deposits and other receivables	211
Other payables and accruals	(2,791)
Borrowings	(28,000)
	<hr/>
Net assets disposed of	8,023
	<hr/> <hr/>
Gain on disposal of Treasure Boom Group:	
Consideration	8,100
Net assets disposed of	(8,023)
	<hr/>
Gain on disposal of subsidiaries	77
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	8,100
Less: cash and cash equivalents disposed of	(3)
	<hr/>
	8,097
	<hr/> <hr/>

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 represented the largest export market of this segment. Sales revenue from European customers increased by approximately 24.7% for the six months ended 30 June 2021 to approximately HK\$20.0 million, representing approximately 67.0% of the total revenue from medical products and plastic toys business. Revenue from US customers increased by approximately 6.5% for the six months ended 30 June 2021 to approximately HK\$2.2 million, accounting for approximately 7.4% of the total revenue from medical and plastic toys business. Revenue from the PRC customers increased by approximately 116.3% for the six months ended 30 June 2021 to approximately HK\$3.8 million, accounting for approximately 12.8% of the total revenue from medical and plastic toys business.

In terms of products, sales revenue from medical products for the six months ended 30 June 2021 was approximately HK\$23.2 million, representing an increase of approximately 27.6% over last period and accounted for approximately 77.7% of the total revenue from medical products and plastic toys business. Sales revenue from plastic toys increased by approximately 59.2% for the six months ended 30 June 2021 to approximately HK\$6.7 million mainly due to the increase in orders from the PRC customers. The overall increase in the revenue for medical products and plastic toys business was because of the recover from the economic downturn due to outbreak of COVID-19 last year.

Securities Brokerage, Margin Financing, Underwriting and Placements and Assets Management Business

Black Marble Securities Limited, a wholly-owned subsidiary of the Company (“Black Marble Securities”) had generated approximately HK\$8.7 million revenue for the six months ended 30 June 2021 and had increased approximately 7.4% over the same period of last year, representing approximately 8.5% of the total revenue of the Group.

The Group wishes to provide a full range of financing services, such as assets management business and corporate finance business, to its clients other than only securities brokerage, underwriting and placements services and money lending business. However, the assets management business had not generated any revenue during the six months ended 30 June 2021 due to the weak market condition.

Money Lending and Finance Leasing

For the six months ended 30 June 2021, the Group continued with its money lending business in providing secured and unsecured loans to customers comprising individuals and corporations and commenced its finance lease business in the PRC. The Group had generated approximately HK\$62.7 million interest income for the six months ended 30 June 2021, decreased approximately HK\$2.5 million as compared to the same period of last year, representing approximately 61.4% of the total revenue of the Group. The Directors are of the view that such business will keep contributing an income stream to the Group.

PROSPECTS

The Group has endeavored to develop and expand the financial sectors, including, money lending business, financing leasing and securities brokerage business in Hong Kong and the PRC. In order to further expand the business, the Company will focus on the existing businesses 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.

However, the outbreak of COVID-19 has been having an adverse effect in the market and the worldwide economy. It would likely reduce the investor enthusiasm and our businesses in Hong Kong and the PRC are expected to be very challenging in the coming years. In light of the above, the Group will adopt cautious flexible strategy to face the market changes. Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will keep focus on the existing business and look for potential investment opportunities to diversify its business scope and leverage with the Group's business.

During the six months ended 30 June 2021, the Company has been informed by the SFC that after due consideration of the actions taken by the Company to satisfy the resumption conditions and due inquiry, it is satisfied all the resumption condition has been fulfilled and the trading in the Company's shares was resumed with effect from 21 June 2021. We are committed to continue in strengthen the corporate governance of the Group, and create the greatest possible value for all the shareholders of the Company.

FINANCIAL REVIEW

Consolidated revenue for the six months ended 30 June 2021 was approximately HK\$102.1 million (2020: HK\$96.4 million), representing an increase of approximately 6.0% over the corresponding period of 2020. The increase in the consolidated revenue was mainly due to the increase of medical products and plastic toys business, of which the increment was approximately HK\$7.5 million.

Gross profit margin for the six months ended 30 June 2021 was approximately 76.7%, representing a decrease of approximately 3.5% as compared to the gross profit margin of 80.2% for the six months ended 30 June 2020. It was mainly because the revenue generated from medical products and plastic toys businesses shared a lower gross profit ratio than the securities brokerage business and the money lending business and other financial services.

Loss for the six months ended 30 June 2021 was approximately HK\$8.4 million (2020: HK\$6.0 million) and loss for the period attributable to owners of the Company was approximately HK\$8.1 million (2020: HK\$5.7 million). The decrease was mainly attributable to the increase in the other losses of approximately HK\$2.9 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a conservative policy in its financial management and maintains a solid financial position. Cash and cash equivalents of the Group as at 30 June 2021 decreased by approximately HK\$39.2 million to approximately HK\$191.0 million as compared to approximately HK\$230.2 million as at 31 December 2020. As at 30 June 2021, the Group had bank borrowings of approximately HK\$nil (2020: HK\$3.1 million), bank overdrafts of HK\$nil (2020: HK\$5.0 million), short term loan of HK\$nil (2020: HK\$28.0 million) and bond payable of approximately HK\$786.5 million (2020: HK\$781.0 million). As at 30 June 2021, the Group had net current assets of approximately HK\$1,719.8 million (2020: HK\$1,747.6 million) and a current ratio of approximately 11.7 (2020: 9.7). Average trade receivable turnovers and average inventory turnovers for the medical products and plastic toys business for the six months ended 30 June 2021 were 87 days (2020: 63 days) and 134 days (2020: 108 days) respectively. The Group's gearing ratio as at 30 June 2021 was approximately 71.0% (2020: 73.3%). The gearing ratio was computed by the total borrowing and bonds payable over the equity of the Group.

SIGNIFICANT INVESTMENTS

Since there were no held-for-trading investments and other investments held by the Group valued more than 5% of the total assets of the Group as at 30 June 2021, there were no significant investments held by the Group as at 30 June 2021. Details of the held-for-trading investments held by the Group and the fair value changes of the held-for-trading investments for the six months ended 30 June 2021 are set out in note 9 to the financial statements of the Group for the six months ended 30 June 2021.

DISCONTINUED OPERATION – SALES OF GARMENT ACCESSORIES

On 1 April 2021, the Company entered into the sales and purchase agreement with the purchaser to dispose of its 100% equity interest of Brilliant Summit Limited, a wholly-owned subsidiary of the Company, which were principally engaged in trading and sourcing of garment accessories. The transaction was completed on 8 April 2021 at a consideration of HK\$650,000. For details, please refer to note 11 to the financial statements of the Group for the six months ended 30 June 2021.

DISPOSAL OF SUBSIDIARIES – TREASURE BOOM GROUP

On 14 April 2021, the Company entered into a sale and purchase agreement with the purchaser to dispose of its 100% equity interest in Treasure Boom at a consideration of HK\$8,100,000. For details, please refer to note 12 to the financial statements of the Group for the six months ended 30 June 2021.

PLEDGE OF ASSETS

The Group did not have any pledged assets as at 30 June 2021. As at 31 December 2020, the bank borrowings were secured by personal guarantee and properties provided by a director of a subsidiary of the Company 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 properties of approximately HK\$7.0 million. The term loan of approximately HK\$28.0 million was secured by the Group's investment properties of approximately HK\$38.6 million as at 31 December 2020.

EXCHANGE RISK EXPOSURE

The Group's monetary assets, liabilities and transactions are mainly denominated in United States dollar, Renminbi, Hong Kong dollar, Euro and New Taiwan dollar. In the event that Renminbi appreciates, the Group will be affected directly because a certain extent of business of the Group is in the PRC. 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 30 June 2021, the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed a total workforce of 210 staff members (2020: 210), of which 180 worked in the PRC 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.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: nil).

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, none of the Directors, Supervisor or the chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which shall be recorded and maintained in the register pursuant to section 352 of the SFO, or which shall be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following Shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Mak Kwong Yiu	Beneficial owner	217,072,320	9.40%
Mr. Lai Shu Fun, Francis Alvin (Note 1)	Beneficial owner	180,000,000	7.82%

Note:

(1) Mr. Lai Shu Fun, Francis Alvin owns shares through his wholly owned Opus Platinum Growth Fund.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 30 June 2021.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company had complied with Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021, save for the deviations as stated below:

Under the Code provision A.2.1 of the Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive of the Company should be clearly established and set out in writing.

Throughout the six months ended 30 June 2021, the Company did not have chairman of the Board and chief executive. The Board has been looking for suitable candidates to fill the vacancies.

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive Directors, namely Mr. Yu Tat Chi Michael (the chairman), Mr. Yang Haihui and Mr. Lam Williamson, 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2021.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code for securities transactions by the Directors on terms equivalent to the required standard of the Model Code. All Directors have confirmed, that following specific enquiry made by the Company, they fully complied with the required standard as set out in the Model Code for the six months ended 30 June 2021.

On behalf of the Board
Lerado Financial Group Company Limited
Ho Kuan Lai
Executive Director

Hong Kong, 31 August 2021

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.