



# Interim Report 2021

**LERADO**  
LERADO FINANCIAL GROUP  
隆成金融集團

**Lerado Financial Group Company Limited**

(Incorporated in Bermuda with limited liability)  
Stock Code : 1225

## INTERIM RESULTS

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

	Notes	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (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
		<b>108,015</b>	97,135
Revenue	3	102,104	96,352
Cost of inventories and services		(23,786)	(19,113)
		<b>78,318</b>	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	<b>(5,296)</b>	(4,495)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2021

	Six months ended 30 June		
	Notes	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited) (restated)
DISCONTINUED OPERATION:			
Loss for the period from discontinued operation		(3,075)	(1,470)
Loss for the period		(8,371)	(5,965)
<b>Other comprehensive income/ (expense)</b>			
<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)
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)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2021

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>24,877</b>	26,527
Right-of-use assets		<b>14,575</b>	17,298
Investment properties		<b>19,709</b>	65,087
Investment in an associate		<b>10,144</b>	9,824
Equity instruments at FVTPL	9	<b>27,305</b>	25,557
Statutory deposits placed with clearing house		<b>205</b>	205
Deferred tax assets		<b>20,887</b>	19,317
		<b>117,702</b>	163,815
<b>Current assets</b>			
Inventories		<b>21,296</b>	13,807
Trade and other receivables and prepayments	8	<b>215,519</b>	200,719
Loans receivables	8	<b>1,445,339</b>	1,397,480
Financial assets at FVTPL	9	<b>77,697</b>	79,877
Tax recoverable		<b>266</b>	716
Bank balances – trust and segregated accounts		<b>8,586</b>	26,536
Bank balances (general accounts) and cash		<b>191,018</b>	230,249
		<b>1,959,721</b>	1,949,384

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2021

	<i>Notes</i>	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
<b>Current liabilities</b>			
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
		<b>167,906</b>	201,770
Net current assets		<b>1,791,815</b>	1,747,614
Total assets less current liabilities		<b>1,909,517</b>	1,911,429
<b>Capital and reserves</b>			
Share capital		690,968	690,968
Reserves		416,307	423,145
		<b>1,107,275</b>	1,114,113
Non-controlling interests		146	384
Total equity		<b>1,107,421</b>	1,114,497
<b>Non-current liabilities</b>			
Bond		786,506	780,954
Deferred tax liabilities		15,590	15,556
Lease liabilities		–	422
		<b>802,096</b>	796,932
Total equity and non-current liabilities		<b>1,909,517</b>	1,911,429

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	690,968	352,753	38,510	39,242	8,545	1,270	(17,175)	1,114,113	384	1,114,497
(Loss) profit for the period	-	-	-	-	-	-	(8,133)	(8,133)	(238)	(8,371)
Exchange differences arising from translation	-	-	-	-	1,295	-	-	1,295	-	1,295
Total comprehensive income for the period	-	-	-	-	1,295	-	(8,133)	(6,838)	(238)	(7,076)
At 30 June 2021 (unaudited)	690,968	352,753	38,510	39,242	9,840	1,270	25,308	1,107,275	146	1,107,421

For the six months ended 30 June 2020

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
At 1 January 2020 (audited)	690,968	352,753	38,510	27,801	(311)	1,270	(3,390)	1,107,601	582	1,108,183
(Loss) profit for the period	-	-	-	-	-	-	(5,712)	(5,712)	(253)	(5,965)
Exchange differences arising from translation	-	-	-	-	(2,596)	-	-	(2,596)	-	(2,596)
Total comprehensive income for the period	-	-	-	-	(2,596)	-	(5,712)	(8,308)	(253)	(8,561)
At 30 June 2020 (unaudited)	690,968	352,753	38,510	27,801	(2,907)	1,270	(9,102)	(1,099,293)	(329)	(1,099,622)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash from/(used) in operating activities	<b>(35,368)</b>	(34,605)
Net cash used in investing activities	<b>(1,663)</b>	(3,715)
Net cash used in financing activities	<b>(2,882)</b>	(4,202)
Net increase/(decrease) in cash and cash equivalents	<b>(39,913)</b>	(42,522)
Cash and cash equivalents at 1 January	<b>230,249</b>	270,571
Effect of foreign exchange rate changes	<b>682</b>	(1,022)
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	<b>191,018</b>	232,038
Bank overdrafts	<b>–</b>	(5,011)
	<b>191,018</b>	227,027



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

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

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

	Continuing operations			Discontinued operation		Total HK\$'000 (unaudited)
	Medical products and plastic toys business HK\$'000 (unaudited)	Securities brokerage business and assets management services HK\$'000 (unaudited)	Money lending business and other financial services HK\$'000 (unaudited)	Total for continuing operations HK\$'000 (unaudited)	Trading and sourcing of garments HK\$'000 (unaudited)	
<b>For the six months ended 30 June 2021</b>						
Segment revenue – external	29,910	8,655	63,539	102,104	260	102,364
Segment results	(3,801)	(10,032)	51,257	37,424	(3,132)	34,292
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				(36,199)	–	(36,199)
Loss before taxation				(2,406)	(3,075)	(5,481)

	Continuing operations			Discontinued operation		
	Medical products and plastic toys business	Securities brokerage business and assets management	Money lending business and other financial services	Total for continuing operations	Trading and sourcing of garments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>For the six months ended</b>						
<b>30 June 2020 (restated)</b>						
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

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

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

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

### Trade and other receivables and prepayments

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade receivable arising from: Medical products and plastic toys business and trading of garments ( <i>Note a</i> )	<b>18,312</b>	31,631
Less: allowance for doubtful debts	<b>(3,035)</b>	(9,554)
	<b>15,277</b>	22,077
Trade receivables arising from securities brokerage business ( <i>Note b</i> ):		
– Cash clients	–	–
– Margin clients	<b>208,593</b>	203,325
– Clearing house	–	–
Less: allowance for doubtful debts	<b>(86,430)</b>	(86,534)
	<b>122,163</b>	116,791
Total trade receivables	<b>137,440</b>	138,868
Purchase deposits, other receivables and deposit	<b>75,225</b>	59,472
Prepayments	<b>2,854</b>	2,379
Total trade and other receivables and prepayments	<b>215,519</b>	200,719

- (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.

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

- (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.

## Loans Receivables

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Loans receivables	<b>1,261,295</b>	1,241,287
Interest receivables	<b>282,441</b>	241,733
	<b>1,543,736</b>	1,483,020
Factoring loan receivables	<b>10,514</b>	13,860
	<b>1,554,250</b>	1,496,880
Loss allowance for ECL	<b>(108,911)</b>	(99,400)
	<b>1,445,339</b>	1,397,480

As at 30 June 2021, approximately 22% of the loan receivables from the money lending and other financial services business were secured by pledged 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.

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

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

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade payables arising from medical products and plastic toys business and trading of garments	<b>20,249</b>	21,755
Trade payables arising from securities brokerage business		
– Cash clients	<b>3,917</b>	6,289
– Margin clients	<b>4,370</b>	18,965
– Clearing house	<b>–</b>	997
Total trade payables	<b>28,536</b>	48,006
Accrued expenses	<b>18,139</b>	10,253
Other payables	<b>96,219</b>	84,564
	<b>142,894</b>	142,823

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:

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

## 11. BORROWINGS/BOND

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Bank overdrafts	–	5,006
Bank loans	–	3,010
Term loan	–	28,000
	–	36,016
Bond	<b>786,506</b>	780,954
	<b>786,506</b>	816,970
Less: Amounts due within one year shown under current liabilities	–	36,016
Amounts shown under non-current liabilities	<b>786,506</b>	780,954
Analysed as:		
Secured	–	36,016
Unsecured	<b>786,506</b>	780,954
	<b>786,506</b>	816,970

As at 30 June 2021, the Group's bonds with an aggregate principal amount of HK\$832,200,000 is unsecured with maturity date falling on the eighth anniversary of the issue date. The interest rate of the bonds are fixed at 6% and the interest is paid annually.

As at 31 December 2020, the Group had aggregate outstanding borrowings comprising (i) bank borrowings of HK\$1,347,000 and bank overdrafts of HK\$1,991,000 secured by a property of the Group and guaranteed by a director of a subsidiary of the Group, (ii) bank borrowing of HK\$1,663,000 and bank overdrafts of HK\$3,012,000 secured by properties owned by and guaranteed by a director of a subsidiary of the Group, and (iii) term loan of HK\$28,000,000 secured by the investment properties of the Group. As at 30 June 2021, the Group had no outstanding bank loan, bank overdrafts and term loan as it were disposed.

As at 31 December 2020, the Group's bank loans were at variable-rate interest ranged from Hong Kong Prime rate plus 1% per annum and the Group's term loans is at fixed-rated interest at 10% and 15.6% per annum.

## 12. SHARE CAPITAL

	Par value per share HK\$	Number of ordinary shares	Amount HK\$'000
Authorised:			
At 1 January 2020, 30 June 2020, 31 December 2020 and 30 June 2021	0.5	10,000,000,000	5,000,000
Issued and partially paid:			
At 1 January 2020, 30 June 2020, 31 December 2020 and 30 June 2021		2,303,224,137	690,968

## 13. RELATED PARTY DISCLOSURES

The transactions during the current interim period are as follows:

### (a) Compensation of key management personnel

The remuneration of directors, who are the key management of the Group, during the period are as follows:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Short-term employee benefits	1,513	1,947

The remuneration of Directors was decided by the Board, which is reviewed by the remuneration committee of the Company, having regard to the performance of the individuals and market trends.

## 14. 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)
Loss before taxation	(3,075)	(1,470)
Income tax expenses	–	–
Loss from discontinued operation for the period attributable to owners of the Company	(3,075)	(1,470)



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

	HK\$'000 (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	569
<hr/>	
Gain on disposal of discontinued operation:	
Consideration received in cash	650
Net assets disposed of	(569)
<hr/>	
Gain on disposal	81
<hr/>	
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	(1,920)
<hr/>	
	3,733
<hr/>	

**(c)** Analysis of the cash flow of discontinued operation is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Net cash (used in)/generated from operating activities	<b>(967)</b>	(488)
Net cash generated from investing activities	–	–
Net cash generated from/(used in) financing activities	<b>2,826</b>	(173)
<hr/>		
Net cash generated from/(used in) discontinued operation	<b>1,859</b>	(661)
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## 15. 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:	HK\$'000
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/>	
Gain on disposal of Treasure Boom Group:	
Consideration	8,100
Net assets disposed of	(8,023)
<hr/>	
Gain on disposal of subsidiaries	77
<hr/>	
Net cash inflow arising on disposal:	
Cash consideration received	8,100
Less: cash and cash equivalents disposed of	(3)
<hr/>	
	8,097
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# 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.

Black Marble Securities has commenced a voluntary suspension of trading (the “Suspension”) since 2 March 2021 as there were not having sufficient responsible officers as required by the Securities and Futures Ordinance in respect of Type 1 regulated activity. After diligence of the Company, it has employed suitable candidates to fulfil the vacancies of the responsible officers on 30 March 2021 and 12 May 2021, respectively, in order to rectify this issue. The Company subsequently applied to the SEHK for resuming the trading of Black Marble Securities, and as at the date of this report, the trading of Black Marble Securities was still pending for the SEHK’s approval. The Board is of the view that the Suspension would not result in a cessation of the Company’s brokerage business as it is expected that the trading of Black Marble Securities would resume to normal and Black Marble Securities has been operating as normal during the Suspension with aids by other brokers.

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 14 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 15 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 report, 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.*