

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 2022, 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 2022

		Six months ended 30 June	
	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
CONTINUING OPERATIONS:			
Revenue	3	83,210	102,104
Cost of inventories and services		(36,015)	(23,786)
		47,195	78,318
Other income		2,149	3,293
Other gains and losses		(94,113)	(16,039)
Marketing and distribution costs		(4,959)	(1,883)
Administrative expenses		(26,391)	(34,867)
Share of profit/(loss) of an associate		–	211
Finance cost		(23,741)	(31,439)
Loss before taxation		(99,860)	(2,406)
Income tax expense	4	(1,285)	(2,890)
Loss for the period from continuing operations	5	(101,145)	(5,296)
DISCONTINUED OPERATION:			
Loss for the period from discontinued operation		–	(3,075)
Loss for the period		(101,145)	(8,371)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2022

	Six months ended 30 June	
Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Other comprehensive income/ (expense)		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising from translation	(5,617)	1,295
Other comprehensive income/(expense) for the period	(5,617)	1,295
Total comprehensive expense for the period	(106,762)	(7,076)
Loss for the period attributable to:		
– Owners of the Company		
– from continuing operations	(100,751)	(5,058)
– from discontinued operation	–	(3,075)
– Non-controlling interests	(394)	(238)
	(101,145)	(8,371)
Total comprehensive expense for the period attributable to:		
– Owners of the Company		
– from continuing operations	(106,368)	(3,763)
– from discontinued operation	–	(3,075)
– Non-controlling interests	(394)	(238)
	(106,762)	(7,076)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2022

		Six months ended 30 June	
	<i>Notes</i>	2022 HK cents	2021 HK cents (restated)
Loss per share			
From continuing and discontinued operations:	7		
– basic		(43.74)	(3.53)
– diluted		(43.74)	(3.53)
From continuing operations:			
– basic		(43.74)	(2.20)
– diluted		(43.74)	(2.20)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		26,613	28,194
Right-of-use assets		11,237	11,770
Investment properties		27,520	27,520
Investment in an associate		10,053	10,515
Financial assets at fair value through profit or loss ("FVTPL")	9	4,015	4,015
Statutory deposits placed with clearing house		255	205
Deferred tax assets		19,359	19,630
		99,052	101,849
Current assets			
Inventories		16,990	28,245
Trade and other receivables and prepayments	8	112,051	145,768
Loans receivables	8	1,468,821	1,452,708
Financial assets at FVTPL	9	110,770	143,577
Tax recoverable		–	–
Bank balances – trust and segregated accounts		9,049	9,139
Bank balances (general accounts) and cash		157,303	149,784
		1,874,984	1,929,221

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Current liabilities			
Trade and other payables and accruals	10	178,131	152,827
Lease liabilities		598	231
Taxation payable		19,107	17,888
Borrowings		6,294	–
		204,130	170,946
Net current assets		1,670,854	1,758,275
Total assets less current liabilities		1,769,906	1,860,124
Capital and reserves			
Share capital		690,968	690,968
Reserves		271,873	364,548
		962,841	1,055,516
Non-controlling interests		(233)	161
Total equity		962,608	1,055,677
Non-current liabilities			
Bond		789,739	786,889
Deferred tax liabilities		17,360	17,360
Lease liabilities		199	198
		807,298	804,447
Total equity and non-current liabilities		1,769,906	1,860,124

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	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 2022 (audited)	690,968	352,753	38,510	41,647	13,252	1,270	(82,884)	1,055,516	161	1,055,677
(Loss) profit for the period	-	-	-	-	-	-	(100,751)	(100,751)	(394)	(101,145)
Exchange differences arising from translation	-	-	-	-	5,617	-	-	5,617	-	5,617
Share option reserve	-	-	2,459	-	-	-	-	2,459	-	2,459
Total comprehensive income for the period	-	-	2,459	-	5,617	-	(100,751)	(92,675)	(394)	(93,069)
At 30 June 2022 (unaudited)	690,968	352,753	40,969	41,647	18,869	1,270	(183,635)	962,841	(233)	962,608

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash from/(used) in operating activities	3,816	(35,368)
Net cash used in investing activities	(8,576)	(1,663)
Net cash used in financing activities	6,662	(2,882)
Net increase/(decrease) in cash and cash equivalents	1,902	(39,913)
Cash and cash equivalents at 1 January	149,784	230,249
Effect of foreign exchange rate changes	5,617	682
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	157,303	191,018
Bank overdrafts	–	–
	157,303	191,018

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 2022 are consistent with those adopted in the preparation of 2021 annual report of the Company dated 31 December 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 2021 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 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement to HKAS Standards 2018–2020	Amendments to HKRS 1, HKRS 9, Illustrative Examples accompanying HKAS 16 and HKAS 41

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:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operations:		
Medical products	42,892	23,248
Plastic toys	2,708	6,662
Fee and commission income	274	9,485
	45,874	39,395
Revenue from contracts with customers		
Interest income from loan receivables and finance lease receivables	37,336	62,709
	83,210	102,104
Discontinued operation:		
Sales of garment accessories	-	260
	83,210	102,364

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)	
For the six months ended 30 June 2022						
Segment revenue – external	42,892	1,540	38,778	83,210	-	83,210
Segment results	(9,771)	(67,447)	38,930	(38,288)	-	(38,288)
Change in fair value of: – financial asset at FVTPL				(38,914)	-	(38,914)
Realised loss of financial asset at FVTPL				(2,419)	-	(2,419)
Property rental income				313	-	313
Gain on disposal of subsidiaries				-	-	-
Gain on disposal of discontinued operations				-	-	-
Unallocated corporate income				1,026	-	1,026
Unallocated corporate expenses				(22,863)	-	(22,863)
Loss before taxation				101,145	-	101,145

	Continuing operations			Discontinued operation		
	Medical products and plastic toys business HK\$'000 (unaudited)	Securities brokerage business and assets management 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)	Total HK\$'000 (unaudited)
For the six months ended						
30 June 2021						
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)

4. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Continuing operations		
Current tax:		
Hong Kong	140	4,346
The People's Republic of China (the "PRC")		
Enterprise Income Tax	1,416	375
	1,556	4,721
Over provision in prior years	-	(262)
Hong Kong Profit Tax	1,556	4,459
Deferred tax:		
Current period	(271)	(1,569)
	1,285	2,890
Discontinued operation	-	-
Income tax expense	1,285	2,890

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			
	2022		2021 (restated)	
	Continuing operations HK\$'000 (unaudited)	Discontinued operation HK\$'000 (unaudited)	Continuing operations HK\$'000 (unaudited)	Discontinued operation HK\$'000 (unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:				
Depreciation of property, plant and equipment	1,581	-	1,752	-
Gain on disposal of property, plant and equipment	-	-	(44)	-
Depreciation of right-of-use assets	-	-	2,399	81
Fair value change of financial asset at FVTPL	38,914	-	5,625	-
Impairment loss, net of reversal on trade and other receivable	52,579	-	1,061	-
Impairment loss, net of reversal on loan receivable	-	-	9,511	-
Allowance for inventories	-	-	33	-
Bank interest income	(413)	-	112	-
Finance cost				
- Bank overdrafts and loans	10	-	771	118
- Bond	23,607	-	30,548	-
- Lease liabilities	124	-	120	5
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 2022 (2021: 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	
	2022	2021
	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	(100,751)	(5,058)
– from discontinued operation	–	(3,075)
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From continuing and discontinued operations	(100,751)	(8,133)
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	Number	Number
	of shares	of shares
		(restated)
Weighted average number of ordinary shares for the purpose of diluted loss per share	230,322,413	230,322,413
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The weighted average number of ordinary shares for both periods for the purposes of calculating basic (loss)/earnings per share have been adjusted for the share consolidation which took place on 13 January 2022. The computation of diluted loss per share for the six months ended 30 June 2022 and 2021 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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivable arising from:		
Medical products and plastic toys business and trading of garments (<i>Note a</i>)	27,254	17,639
Less: allowance for doubtful debts	(15,927)	(3,080)
	11,327	14,559
Trade receivables arising from securities brokerage business (<i>Note b</i>):		
– Cash clients	–	–
– Margin clients	189,135	184,324
– Clearing house	–	–
Less: allowance for doubtful debts	(121,701)	(81,969)
	67,434	102,355
Total trade receivables	78,761	116,914
Purchase deposits, other receivables and deposit	31,208	27,137
Prepayments	2,082	1,717
Total trade and other receivables and prepayments	112,051	145,768

- (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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 30 days	4,567	11,244
31 to 90 days	291	862
Over 90 days	5,682	2,453
	10,540	14,559

- (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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Loans receivables	1,219,557	1,235,023
Interest receivables	310,585	291,126
	1,530,142	1,526,149
Factoring loan receivables	17,438	18,032
	1,547,580	1,544,181
Loss allowance for ECL	(78,759)	(91,473)
	1,468,821	1,452,708

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 2022 was ranged from 6% to 18% per annum (2021: 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 2022.

9. FINANCIAL ASSET AT FVTPL

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Financial assets mandatorily at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	90,011	122,955
Unlisted equity fund	4,015	4,015
Unlisted debt securities	20,759	20,622
	114,785	147,592
Analysed for reporting purpose as:		
Current assets	110,770	143,577
Non-current assets	4,015	4,015
	114,785	147,592

The Group has recorded a loss on fair value changes of held-for-trading investments for the six months ended 30 June 2022 of approximately HK\$38.9 million (2021: HK\$5.6 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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payables arising from medical products and plastic toys business and trading of garments	23,784	22,886
Trade payables arising from securities brokerage business		
– Cash clients	4,956	4,370
– Margin clients	4,768	4,763
– Clearing house	–	–
Total trade payables	33,508	32,019
Accrued expenses	8,167	7,335
Other payables	136,456	113,473
	178,131	152,827

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 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 30 days	13,374	17,500
31 to 90 days	2,605	2,436
Over 90 days	7,805	2,950
	23,784	22,886

11. BORROWINGS/BOND

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Bond	789,739	786,889
Analysed as:		
Secured	–	–
Unsecured	789,739	786,889
	789,739	786,889

As at 30 June 2022, the bonds are 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.

12. SHARE CAPITAL

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Authorised 10,000,000,000 ordinary shares	5,000,000	5,000,000
Issued and fully paid: 76,774,138 ordinary shares	383,871	383,871
Issue and partially paid: 153,548,275 ordinary shares	307,097	307,097
230,322,413 ordinary shares	690,968	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	
	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	840	1,513

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	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	–	260
Other income	–	57
Other gain/loss	–	(200)
Administrative expenses	–	(3,068)
Finance cost	–	(124)
Loss before taxation	–	(3,075)
Income tax expenses	–	–
Loss from discontinued operation for the period attributable to owners of the Company	–	(3,075)

(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)
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Net assets disposed of	569
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Gain on disposal of discontinued operation:	
Consideration received in cash	650
Net assets disposed of	(569)
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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)
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	3,733
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(c) Analysis of the cash flow of discontinued operation is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	-	(967)
Net cash generated from investing activities	-	-
Net cash generated from/(used in) financing activities	-	2,826
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Net cash generated from/(used in) discontinued operation	-	1,859
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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
<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

In terms of products, sales revenue from medical products for the six months ended 30 June 2022 was approximately HK\$42.9 million, representing an increase of approximately 84.9% over last period and accounted for approximately 94.1% of the total revenue from medical products and plastic toys business. Sales revenue from plastic toys decreased by approximately 59.4% for the six months ended 30 June 2022 to approximately HK\$2.7 million mainly due to the decrease 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\$1.5 million revenue for the six months ended 30 June 2022 and had decreased approximately 82.8% over the same period of last year, representing approximately 1.8% 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 2022 due to the weak market condition.

Money Lending and Finance Leasing

For the six months ended 30 June 2022, 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\$37.3 million interest income for the six months ended 30 June 2022, decreased approximately HK\$25.4 million as compared to the same period of last year, representing approximately 40.5% 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.

We are committed to continuing in strengthening the corporate governance of the Group, and creating the greatest possible value for all the shareholders of the Company.

FINANCIAL REVIEW

Consolidated revenue for the six months ended 30 June 2022 was approximately HK\$83.2 million (2021: HK\$102.1 million), representing a decrease of approximately 18.5% over the corresponding period of 2021. The decrease in the consolidated revenue was mainly due to the decrease of interest income from loan receivables and finance lease receivables, of which the increment was approximately HK\$25.4 million.

Gross profit margin for the six months ended 30 June 2022 was approximately 56.7%, representing a decrease of approximately 20.0% as compared to the gross profit margin of 76.7% for the six months ended 30 June 2021. 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 2022 was approximately HK\$101.1 million (2021: HK\$8.4 million) and loss for the period attributable to owners of the Company was approximately HK\$102.0 million (2021: HK\$8.1 million). The decrease was mainly attributable to the decrease in other gains and losses of approximately HK\$78.1 million which were mainly the loss recognised on fair value changes of financial assets at FVTPL of HK\$38.9 million and impairment loss on trade and other receivables of HK\$52.6 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 2022 increased by approximately HK\$7.5 million to approximately HK\$157.3 million as compared to approximately HK\$149.8 million as at 31 December 2021. As at 30 June 2022, the Group had bank borrowings of approximately HK\$6.3 (2021: HK\$nil), bank overdrafts of HK\$nil (2021: HK\$nil), short term loan of HK\$nil (2021: HK\$nil) and bond payable of approximately HK\$786.9 million (2021: HK\$786.9 million). As at 30 June 2022, the Group had net current assets of approximately HK\$1,670.9 million (2021: HK\$1,758.3 million) and a current ratio of approximately 9.2 (2021: 11.3). The Group's gearing ratio as at 30 June 2022 was approximately 82.7% (2021: 74.5%). 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 2022, there were no significant investments held by the Group as at 30 June 2022. 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 2022 are set out in note 9 to the financial statements of the Group for the six months ended 30 June 2022.

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 was 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 2022.

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 2022.

PLEDGE OF ASSETS

The Group did not have any pledged assets as at 30 June 2022 (31 December 2021: nil).

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 2022, the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed a total workforce of 161 staff members (2021: 210), of which 149 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 2022 (2021: nil).

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

On 28 May 2012, a share option scheme (the "Share Option Scheme") was adopted by shareholders at the annual general meeting, under which the Directors may, at their discretion, grant share options to eligible persons including Directors, employees and consultants to subscribe share in the Company.

With effect from 29 June 2022, a new share option scheme (the "New Share Option Scheme") has been adopted by shareholders at the annual general meeting following the Share Option Scheme adopted on 28 May 2012 be terminated on the same day.

During the six months ended 30 June 2022, no share options were cancelled nor lapsed. As at 30 June 2022, there were outstanding 23,032,240 options. Details of the outstanding options under the Share Option Scheme are as follows:

Detail of grantees	Date of grant	Period which options are exercisable	No. of options outstanding		Exercised during the period	Cancelled/ lapsed during the period	No. of options outstanding		Exercise price per share
			as at 1 January 2022	No. of options granted during the period			as at 30 June 2022		
Category: Directors									
Mr. LEUNG Kam Por Ken	27 May 2022	27 May 2023 to 26 May 2024	-	2,303,224	-	-	2,303,224	0.246	
Ms. HO Kuan Lai	27 May 2022	27 May 2023 to 26 May 2024	-	2,303,224	-	-	2,303,224	0.246	
Mr. YU Tat Chi Michael	27 May 2022	27 May 2023 to 26 May 2024	-	2,303,224	-	-	2,303,224	0.246	
Mr. LAM Williamson	27 May 2022	27 May 2023 to 26 May 2024	-	2,303,224	-	-	2,303,224	0.246	
Mr. YANG Haihui	27 May 2022	27 May 2023 to 26 May 2024	-	2,303,224	-	-	2,303,224	0.246	
Category: Employees									
Employees	27 May 2022	27 May 2023 to 26 May 2024	-	11,516,120	-	-	11,516,120	0.246	
			-	23,032,240	-	-	23,032,240		

Note:

- 1) The vesting period for share options granted under the Share Option Scheme shall be one (1) year commencing from 27 May 2023.
- 2) The closing price of the shares of the Company immediately before the grant date of the share options on 27 May 2022 was HK\$0.240 per share.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the six months ended 30 June 2022 and up to the date of this report.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, 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") were as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

Name of Director	Nature of interests	Capacity	Number of unlisted share options	Approximately percentage of shareholding
Mr. LEUNG Kam Por Ken	Long Position	Beneficial owner	2,303,224	1.00%
Ms. HO Kuan Lai	Long Position	Beneficial owner	2,303,224	1.00%
Mr. YU Tat Chi Michael	Long Position	Beneficial owner	2,303,224	1.00%
Mr. LAM Williamson	Long Position	Beneficial owner	2,303,224	1.00%
Mr. YANG Haihui	Long Position	Beneficial owner	2,303,224	1.00%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Opus Platinum Growth Fund	Beneficial owner	18,000,000	7.82%
Mr. Lai Shu Fun, Francis Alvin (Note 1)	Interest in Controlled Corporation	18,000,000	7.82%

Note:

- (1) Mr. Lai Shu Fun, Francis Alvin is indirectly interested in approximately 40.03% of the total issued share capital of Opus Platinum Growth Fund. Therefore Mr. Lai Shu Fun, Francis Alvin is deemed to be interested in the 18,000,000 shares held by 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 2022.

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 2022, save for the deviations as stated below:

Under the Code provision C.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 2022, 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 2022.

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 2022.

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

Hong Kong, 31 August 2022

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.