



## Lerado Financial Group Company Limited

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

# INTERIM REPORT 2018



## 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 2018, 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 2018

|  |              | <b>Six months ended 30 June</b>                      |                                 |
|--|--------------|--|---------------------------------|
|  | <i>Notes</i> | <b>2018</b><br><b>HK\$'000</b><br><b>(unaudited)</b> | 2017<br>HK\$'000<br>(unaudited) |
| Revenue  |              | <b>118,942</b>                                       | 103,486                         |
| Gross proceeds from sale of held-for-trading investments |              | <b>2,160</b>   | 96,636                          |
|  |              | <b>121,102</b>                                       | 200,122                         |
| Revenue  | 3            | <b>118,942</b>                                       | 103,486                         |
| Cost of inventories and services                         |              | <b>(39,434)</b>                                      | (42,298)                        |
|  |              | <b>79,508</b>  | 61,188                          |
| Other income   |              | <b>4,954</b>   | 8,845                           |
| Other gains and losses                                   |              | <b>(21,884)</b>                                      | (508,637)                       |
| Marketing and distribution costs                         |              | <b>(6,886)</b>                                       | (1,765)                         |
| Research and development expenses                        |              | <b>(1,950)</b>                                       | (648)                           |
| Administrative expenses                                  |              | <b>(43,624)</b>                                      | (58,407)                        |
| Share of result of an associate                          |              | -  | (5,907)                         |
| Finance cost   |              | <b>(32,547)</b>                                      | (18,782)                        |
| Loss before taxation                                     |              | <b>(22,429)</b>                                      | (524,113)                       |
| Income tax (expense)/credit                              | 4            | <b>(608)</b>   | 62,372                          |
| Loss for the period                                      | 5            | <b>(23,037)</b>                                      | (461,741)                       |

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

(Continued)

For the six months ended 30 June 2018

|   | Notes | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2018<br>HK\$'000<br>(unaudited) | 2017<br>HK\$'000<br>(unaudited) |
| <b>Other comprehensive (expense)/income</b>                           |       |                                 |                                 |
| Items that will not be reclassified to profit or loss:                |       |                                 |                                 |
| Gain on revaluation of land and buildings                             |       | –                               | 420                             |
| Release of deferred tax liability upon disposal of land and buildings |       | –                               | 7,379                           |
|   |       | –                               | 7,799                           |
| <i>Item that may be subsequently reclassified to profit or loss:</i>  |       |                                 |                                 |
| Exchange differences arising from translation                         |       | (954)                           | 853                             |
| Other comprehensive (expense)/income for the period                   |       | (954)                           | 8,652                           |
| Total comprehensive expense for the period                            |       | (23,991)                        | (453,089)                       |
| (Loss)/profit for the period attributable to:                         |       |                                 |                                 |
| –Owners of the Company  |       | (23,461)                        | (461,741)                       |
| –Non-controlling interests  |       | 424                             | –                               |
|   |       | (23,037)                        | (461,741)                       |

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

(Continued)

For the six months ended 30 June 2018

|  | Notes | Six months ended 30 June        |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2018<br>HK\$'000<br>(unaudited) | 2017<br>HK\$'000<br>(unaudited) |
| Total comprehensive (expense)/income for the period attributable to: |       |                                 |                                 |
| –Owners of the Company   |       | (24,415)                        | (453,089)                       |
| –Non-controlling interests   |       | 424                             | –                               |
|  |       | (23,991)                        | (453,089)                       |
|  |       | HK cents                        | HK cents                        |
| Loss per share   | 7     |                                 |                                 |
| –basic   |       | (1.02)                          | (20.05)                         |
| –diluted   |       | (1.02)                          | (20.05)                         |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

|   | Notes | 30 June<br>2018<br>HK\$'000<br>(unaudited) | 31 December<br>2017<br>HK\$'000<br>(audited) |
|---|-------|--|--|
| <b>Non-current assets</b>                     |       |  |  |
| Property, plant and equipment                 |       | 33,701                                     | 36,242                                       |
| Prepaid lease payments                        |       | 14,026                                     | 14,408                                       |
| Investment properties                         |       | 71,550                                     | 71,676                                       |
| Goodwill                                      |       | 35,315                                     | 35,315                                       |
| Available-for-sale investments                |       | 10,750                                     | 1,000  |
| Deposit paid for forming of an associate      |       | 10,028                                     | 10,028                                       |
| Statutory deposits placed with clearing house |       | 205  | 230  |
| Finance lease receivables                     | 8     | 5,639                                      | 9,315  |
|   |       | <b>181,214</b>                             | 178,214                                      |
| <b>Current assets</b>                         |       |  |  |
| Inventories                                   |       | 13,581                                     | 19,022                                       |
| Trade and other receivables and prepayments   | 8     | 400,132                                    | 378,058                                      |
| Finance lease receivables                     | 8     | 7,063                                      | 6,881  |
| Loans receivables                             | 8     | 1,223,009                                  | 1,225,364                                    |
| Prepaid lease payments                        |       | 416  | 420  |
| Contingent consideration                      |       | –  | 10,249                                       |
| Held-for-trading investments                  | 9     | 56,959                                     | 68,604                                       |
| Bank balances – trust and segregated accounts |       | 43,605                                     | 39,374                                       |
| Bank balances (general accounts) and cash     |       | 339,778                                    | 366,038                                      |
|   |       | <b>2,084,543</b>                           | 2,114,010                                    |

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

As at 30 June 2018

|  | <i>Notes</i> | <b>30 June<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | 31 December<br>2017<br>HK\$'000<br>(audited) |
|--|--------------|--|--|
| <b>Current liabilities</b>               |              |  |  |
| Trade and other payables and accruals    | 10           | 136,839  | 130,200                                      |
| Taxation payable                         |              | 18,004   | 16,578                                       |
| Borrowings                               | 11           | 8,737  | 9,384  |
|  |              | <b>163,580</b>                                       | 156,162                                      |
| Net current assets                       |              | <b>1,920,963</b>                                     | 1,957,848                                    |
| Total assets less current liabilities    |              | <b>2,102,177</b>                                     | 2,136,062                                    |
| <b>Capital and reserves</b>              |              |  |  |
| Share capital                            | 12           | 690,968  | 690,968                                      |
| Reserves                                 |              | 582,079  | 606,070                                      |
| Total equity                             |              | <b>1,273,047</b>                                     | 1,297,038                                    |
| <b>Non-current liabilities</b>           |              |  |  |
| Bond                                     | 11           | 817,826  | 827,720                                      |
| Deferred tax liabilities                 |              | 11,304   | 11,304                                       |
|  |              | <b>829,130</b>                                       | 839,024                                      |
| Total equity and non-current liabilities |              | <b>2,102,177</b>                                     | 2,136,062                                    |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

|   | Share capital<br>HK\$'000 | Share premium<br>HK\$'000 | Special reserve<br>HK\$'000 | Property revaluation reserve<br>HK\$'000 | Translation reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Accumulated profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interest<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------|---------------------------|-----------------------------|--|---------------------------------|----------------------------------|--|---------------------------------|-------------------|--------------------------------------|-------------------|
| At 1 January 2018 (audited)                   | 690,968                   | 352,753                   | 38,510                      | 23,885                                   | 6,540                           | -                                | 1,270                                  | 182,912                         | 1,296,838         | 200                                  | 1,297,038         |
| (Loss) profit for the period                  | -                         | -                         | -                           | -  | -                               | -                                | -                                      | (23,461)                        | (23,461)          | 424                                  | (23,037)          |
| Exchange differences arising from translation | -                         | -                         | -                           | -  | (954)                           | -                                | -                                      | -                               | (954)             | -                                    | (954)             |
| Total comprehensive income for the period     | -                         | -                         | -                           | -  | (954)                           | -                                | -                                      | (23,461)                        | (24,415)          | 424                                  | (23,991)          |
| At 30 June 2018 (unaudited)                   | 690,968                   | 352,753                   | 38,510                      | 23,885                                   | 5,586                           | -                                | 1,270                                  | 159,451                         | 1,272,423         | 624                                  | 1,273,047         |

For the six months ended 30 June 2017

|  | Share capital<br>HK\$'000 | Share premium<br>HK\$'000 | Special reserve<br>HK\$'000 | Property revaluation reserve<br>HK\$'000 | Translation reserve<br>HK\$'000 | Share option reserve<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Accumulated profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interest<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------|---------------------------|-----------------------------|--|---------------------------------|----------------------------------|--|---------------------------------|-------------------|--------------------------------------|-------------------|
| At 1 January 2017 (audited)  | 690,968                   | 352,753                   | 38,510                      | 65,020                                   | 3,535                           | 3,341                            | 1,270                                  | 669,402                         | 1,824,799         | -                                    | 1,824,799         |
| Loss for the period  | -                         | -                         | -                           | -  | -                               | -                                | -                                      | (461,741)                       | (461,741)         | -                                    | (461,741)         |
| Exchange differences arising from translation                                | -                         | -                         | -                           | -  | 853                             | -                                | -                                      | -                               | 853               | -                                    | 853               |
| Revaluation gain on land and building  | -                         | -                         | -                           | 420                                      | -                               | -                                | -                                      | -                               | 420               | -                                    | 420               |
| Release of deferred tax liability upon disposal of land and buildings        | -                         | -                         | -                           | 7,379                                    | -                               | -                                | -                                      | -                               | 7,379             | -                                    | 7,379             |
| Total comprehensive income for the period                                    | -                         | -                         | -                           | 7,799                                    | 853                             | -                                | -                                      | (461,741)                       | (453,089)         | -                                    | (453,089)         |
| Share options lapsed during the period                                       | -                         | -                         | -                           | -  | -                               | (3,341)                          | -                                      | 3,341                           | -                 | -                                    | -                 |
| Transfer of property revaluation reserve upon disposal of land and buildings | -                         | -                         | -                           | (52,510)                                 | -                               | -                                | -                                      | 52,510                          | -                 | -                                    | -                 |
| At 30 June 2017 (unaudited)  | 690,968                   | 352,753                   | 38,510                      | 20,309                                   | 4,388                           | -                                | 1,270                                  | 263,512                         | 1,371,710         | -                                    | 1,371,710         |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2018<br>HK\$'000<br>(unaudited) | 2017<br>HK\$'000<br>(unaudited) |
| Net cash used in operating activities                   | (5,478)                         | (380,722)                       |
| Net cash (used in)/from investing activities            | (9,690)                         | 60,155                          |
| Net cash (used in)/from financing activities            | (10,552)                        | 244,000                         |
| Net decrease in cash and cash equivalents               | (25,720)                        | (76,568)                        |
| Cash and cash equivalents at 1 January                  | 361,035                         | 426,875                         |
| Effect of foreign exchange rate changes                 | (429)                           | 3,855                           |
| Cash and cash equivalents at 30 June,<br>represented by |                                 |                                 |
| Bank balances and cash                                  | 339,778                         | 359,658                         |
| Bank overdrafts   | (4,892)                         | (5,496)                         |
|   | 334,886                         | 354,162                         |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 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 2018 are consistent with those adopted in the preparation of annual report of the Company dated 29 March 2018 (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 the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

|                       |   |
|-----------------------|---|
| HKFRS 9               | Financial instruments   |
| HKFRS 15              | Revenue from contracts with customers and the related amendments            |
| HK(IFRIC)-Int 22      | Foreign currency transactions and advance consideration                     |
| Amendments to HKFRS 2 | Classification and measurement of share-based payment transactions          |
| Amendments to HKFRS 4 | Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” |
| Amendments to HKAS 28 | As part of the annual improvements to HKFRSs 2014-2016 cycle                |
| Amendments to HKAS 40 | Transfers of investment property  |

The adoption of the new and revised HKFRSs has had no significant effect on the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 June 2018.

### **HKFRS 9 Financial Instruments**

The new impairment model under HKFRS 9 requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under HKAS 39. The Group’s financial assets are subject to HKFRS 9’s new expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

### **HKFRS 15 “Revenue from Contracts with Customers”**

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, appropriate.

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

### 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 purpose 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 five operating and reportable segments:

|   |   |
|---|---|
| Medical products and plastic toys business          | Manufacturing and distribution of medical care products and plastic toys            |
| Trading of garments                                 | Trading of garments accessories, such as nylon type, polyester and polyester string |
| Securities brokerage business                       | Securities brokerage, margin financing and underwriting and placements              |
| Money lending business and other financial services | Provision of loan services and other financial services                             |
| Assets management services                          | Provision of asset management services  |

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>2018</b>                     | 2017     |
|   | <b>HK\$'000</b>                 | HK\$'000 |
| Medical products  | <b>22,130</b>                   | 25,448   |
| Plastic toys  | <b>8,498</b>                    | 11,533   |
| Sales of garment accessories  | <b>14,341</b>                   | 13,423   |
| Fee and commission income   | <b>8,501</b>                    | 16,051   |
| Interest income from loan receivables and finance lease receivables | <b>65,472</b>                   | 37,031   |
|   | <b>118,942</b>                  | 103,486  |

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

|   | Medical products and plastic toys business<br>HK\$'000 | Trading of garments<br>HK\$'000 | Securities brokerage business<br>HK\$'000 | Money lending business and other financial services<br>HK\$'000 | Assets Management services<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|--|---------------------------------|---|---|--|--------------------------|
| <b>For the six months ended 30 June 2018</b>  |  |                                 |   |   |  |                          |
| Segment revenue – external  | 30,628   | 14,341                          | 7,747                                     | 66,226  | –                                      | 118,942                  |
| Segment results   | (11,499)   | 30                              | (12,571)                                  | 65,397  | (461)                                  | 40,896                   |
| Change in fair value of:<br>– held-for-trading investment   |  |                                 |   |   |  | (11,635)                 |
| Fair value change in contingent consideration   |  |                                 |   |   |  | (10,249)                 |
| Property rental income  |  |                                 |   |   |  | 1,845                    |
| Unallocated corporate income  |  |                                 |   |   |  | 3,063                    |
| Unallocated corporate expenses  |  |                                 |   |   |  | (46,349)                 |
| Loss before taxation  |  |                                 |   |   |  | (22,429)                 |
| <b>For the six months ended 30 June 2017</b>  |  |                                 |   |   |  |                          |
| Segment revenue – external  | 36,981   | 13,423                          | 16,051                                    | 37,031  | –                                      | 103,486                  |
| Segment results   | (9,963)  | 668                             | (205)                                     | 31,785  | (1,007)                                | 21,278                   |
| Change in fair value of:<br>– held-for-trading investment   |  |                                 |   |   |  | (502,660)                |
| Impairment loss on deposit paid for acquisition of an additional interest in an available-for-sale investment |  |                                 |   |   |  | (5,977)                  |
| Property rental income  |  |                                 |   |   |  | 2,110                    |
| Share of loss of an associate   |  |                                 |   |   |  | (5,907)                  |
| Unallocated corporate income  |  |                                 |   |   |  | 3,160                    |
| Unallocated corporate expenses  |  |                                 |   |   |  | (36,117)                 |
| Loss before taxation  |  |                                 |   |   |  | (524,113)                |

#### 4. INCOME TAX EXPENSES CREDIT

|  | <b>Six months ended 30 June</b> |          |
|--|---------------------------------|----------|
|  | <b>2018</b>                     | 2017     |
|  | <b>HK\$'000</b>                 | HK\$'000 |
| Current tax:   |                                 |          |
| Hong Kong  | <b>417</b>                      | 3,379    |
| The People's Republic of China ("the PRC")                     |                                 |          |
| Enterprise Income Tax  | <b>191</b>                      | –        |
| Other jurisdictions  | <b>–</b>                        | 359      |
|  | <b>608</b>                      | 3,738    |
| Overprovision in prior years:                                  |                                 |          |
| Hong Kong  | <b>–</b>                        | (1,400)  |
|  | <b>–</b>                        | (1,400)  |
| Deferred tax:  |                                 |          |
| Current period   | <b>–</b>                        | (69,086) |
| Release of deferred tax upon disposal of<br>land and buildings | <b>–</b>                        | 4,376    |
|  | <b>–</b>                        | (64,710) |
| Income tax expense/(credit)                                    | <b>608</b>                      | (62,372) |

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2017 and 2018.

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.

Corporate income tax in Taiwan is charged at 17% for the six months ended 30 June 2017 and 2018.

Taxation arising in other jurisdictions was calculated at the rates prevailing in the relevant jurisdiction.

## 5. LOSS FOR THE PERIOD

|   | <b>Six months ended 30 June</b> |          |
|---|---------------------------------|----------|
|   | <b>2018</b>                     | 2017     |
|   | <b>HK\$'000</b>                 | HK\$'000 |
| Loss for the period has been arrived at after charging (crediting) the following items:                       |                                 |          |
| Depreciation of property, plant and equipment   | <b>2,490</b>                    | 2,891    |
| Amortisation of prepaid lease payments  | <b>232</b>                      | 198      |
| Loss on disposal of property, plant and equipment   | <b>–</b>                        | 42       |
| Fair value change of contingent consideration   | <b>10,249</b>                   | –        |
| Fair value change of held-for-trading investment (included in other gains and losses)                         | <b>11,635</b>                   | 502,660  |
| Impairment loss on deposit paid for acquisition of an additional interest in an available-for-sale investment | <b>–</b>                        | 5,977    |
| Reversal of allowance of trade and other receivable   | <b>–</b>                        | (8)      |
| Bank interest income  | <b>(35)</b>                     | (163)    |
| Finance cost  |                                 |          |
| –Bank overdrafts and loans  | <b>120</b>                      | 822      |
| –Bond   | <b>32,427</b>                   | 17,960   |
| Property rental income net of negligible outgoing expenses  | <b>(1,845)</b>                  | (2,110)  |

## 6. DIVIDENDS

No dividends were paid, declared or prepared during both interim periods.

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: 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 |                  |
|--|--------------------------|------------------|
|  | 2018<br>HK\$'000         | 2017<br>HK\$'000 |
| Loss for the period attributable to owners of the Company, for the purpose of basic and diluted loss per share | <b>(23,461)</b>          | (461,741)        |
|  | <b>Number of shares</b>  | Number 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    |

The computation of diluted loss per share for the six months ended 30 June 2017 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<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Trade receivable arising from:<br>Medical products and plastic toys business<br>and trading of garments ( <i>Note a</i> ) | <b>33,105</b>                        | 38,707                          |
| Less: allowance for doubtful debts  | <b>(6,585)</b>                       | (6,594)                         |
|   | <b>26,520</b>                        | 32,113                          |
| Trade receivables arising from securities<br>brokerage business ( <i>Note b</i> ):  |                                      |                                 |
| – Cash clients  | –                                    | –                               |
| – Margin clients  | <b>188,964</b>                       | 188,067                         |
| – Clearing house  | –                                    | –                               |
| Less: allowance for doubtful debts  | <b>(10,853)</b>                      | (10,853)                        |
|   | <b>178,111</b>                       | 177,214                         |
| Money lending and other financial services  | <b>112,683</b>                       | 98,106                          |
| Total trade receivables   | <b>317,314</b>                       | 307,433                         |
| Purchase deposits, other receivables and<br>deposit   | <b>59,098</b>                        | 43,621                          |
| Prepayments   | <b>23,720</b>                        | 27,004                          |
| Total trade and other receivables and<br>prepayments  | <b>400,132</b>                       | 378,058                         |



- (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<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 30 days | <b>5,560</b>                         | 6,484                           |
| 31 to 90 days  | <b>3,504</b>                         | 6,674                           |
| Over 90 days   | <b>17,456</b>                        | 18,955                          |
|                | <b>26,520</b>                        | 32,113                          |

- (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

As at 30 June 2018, 25% 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 are repayable within one year from the end of the reporting period. The range of interest rate is 6%-19% per annum.

Included in loans receivables are debtors of secured loans receivables with the aggregate carrying amount of HK\$16,000,000 (2017: HK\$35,000,000) which have been past due but the Directors consider that no impairment is required as there has not been a significant change in credit quality. In respect of loans receivables which are past due but not impaired at the end of the reporting period are all aged within 180 days (from maturity date).

The remaining amounts that are neither past due nor impaired at the end of the reporting period and the directors of the Company are of the opinion that the amounts are recoverable.

### Finance lease receivables

In respect of finance lease receivables from debtors of which HK\$7,063,000 (2017: HK\$6,881,000) is aged within 1 year and HK\$5,639,000 (2017: HK\$9,315,000) is aged over 1 year.

## 9. HELD-FOR-TRADING INVESTMENTS

|                                       | <b>30 June<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|---------------------------------------|--------------------------------------|---------------------------------|
| Equity securities listed in Hong Kong | <b>50,959</b>                        | 62,604                          |
| Debt securities traded in Hong Kong   | <b>6,000</b>                         | 6,000                           |
|                                       | <b>56,959</b>                        | 68,604                          |

The Group has recorded a loss on fair value changes of held-for-trading investments for the six months ended 30 June 2018 of approximately HK\$11.6 million (2017: HK\$502.7 million).

The fair value of measurement of the Group's held-for-trading investments was categorised into Level 1 and fair value has been determined by reference to the quoted market bid prices available on the relevant exchanges.

## 10. TRADE AND OTHER PAYABLES AND ACCRUALS

|  | <b>30 June<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Trade payables arising from medical products and plastic toys business and trading of garments | <b>24,020</b>                        | 23,448                          |
| Trade payables arising from securities brokerage business                                      |                                      |                                 |
| – Cash clients   | <b>14,418</b>                        | 15,167                          |
| – Margin clients   | <b>29,583</b>                        | 24,129                          |
| – Clearing house   | <b>–</b>                             | 69                              |
| Total trade payables   | <b>68,021</b>                        | 62,813                          |
| Accrued expenses   | <b>1,286</b>                         | 854                             |
| Other payables   | <b>67,532</b>                        | 66,533                          |
|  | <b>136,839</b>                       | 130,200                         |

The following is an 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<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 30 days | <b>12,757</b>                        | 9,960                           |
| 31 to 90 days  | <b>4,651</b>                         | 3,241                           |
| Over 90 days   | <b>6,612</b>                         | 10,247                          |
|                | <b>24,020</b>                        | 23,448                          |

## 11. BORROWINGS/BOND

|  | <b>30 June<br/>2018<br/>HK\$'000</b> | 31 December<br>2017<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Bank overdrafts  | <b>4,892</b>                         | 5,003                           |
| Bank loans   | <b>3,845</b>                         | 4,381                           |
|  | <b>8,737</b>                         | 9,384                           |
| Bond   | <b>817,826</b>                       | 827,720                         |
|  | <b>826,563</b>                       | 837,104                         |
| Less: Amounts due within one year shown<br>under current liabilities | <b>(8,737)</b>                       | (9,384)                         |
| Amounts shown under non-current liabilities                          | <b>817,826</b>                       | 827,720                         |
| Analysed as:   |                                      |                                 |
| Secured  | <b>8,592</b>                         | 9,003                           |
| Unsecured  | <b>817,971</b>                       | 828,101                         |
|  | <b>826,563</b>                       | 837,104                         |

As at 30 June 2018, the aggregate principal amount of HK\$854,493,000 and HK\$52,000,000 bonds are unsecured with maturity date falling on the eighth and second anniversary of the issue date, respectively. The interest rate of the bonds are fixed at 6% and 4% per annum, respectively, and the interest is paid annually. The Company may at any time before the maturity date to redeem the bond in respective to the principal amount of HK\$52,000,000, while an additional coupon of 0.5% will be given to the bond holder if the Company exercise the rights of early redemption option. In the opinion of the directors of the Company, the value of the early redemption option is insignificant.

As at 30 June 2018, the Group had aggregate outstanding borrowings comprising (i) bank borrowings of HK\$1,905,000 (31 December 2017: HK\$2,180,000) and bank overdrafts of HK\$1,883,000 (31 December 2017: HK\$1,995,000) secured by a property of the Group and guaranteed by a director of a subsidiary of the Group, (ii) bank borrowing of HK\$1,795,000 (31 December 2017: HK\$1,821,000) and bank overdrafts of HK\$3,009,000 (31 December 2017: HK\$3,008,000) secured by properties owned by and guaranteed by a director of a subsidiary of the Group, and (iii) bank borrowings of HK\$145,000 (31 December 2017: HK\$381,000) unsecured and guaranteed by a director of a subsidiary of the Group and guarantee provided by the government of Hong Kong.

The Group's borrowings were at variable-rate interest ranged from Hong Kong Prime rate plus 2.20% to 4.50% (31 December 2017: 2.20% to 4.50%).

## 12. SHARE CAPITAL

|   | Par value<br>per share<br>HK\$ | Number of<br>ordinary shares | Amount<br>HK\$'000 |
|---|--------------------------------|------------------------------|--------------------|
| Authorised:   |                                |                              |                    |
| At 1 January 2017 and 30 June 2017                                    | 0.1                            | 10,000,000,000               | 1,000,000          |
| Effect of share consolidation   |                                | (8,000,000,000)              | –                  |
| Increase of share capital   | 0.5                            | 8,000,000,000                | 4,000,000          |
| At 31 December 2017 and 30 June 2018                                  | 0.5                            | 10,000,000,000               | 5,000,000          |
| Issued and partially paid:  |                                |                              |                    |
| At 1 January 2017, 30 June 2017,<br>31 December 2017 and 30 June 2018 |                                | 2,303,224,137                | 690,968            |

### 13. RELATED PARTY DISCLOSURES

During the current interim period, the Group had transactions with a related party. The transactions during the current interim period are as follows:

#### (a) Transactions with a related party:

| Interested directors       | Nature of transaction           | Six months ended 30 June |                  |
|----------------------------|---------------------------------|--------------------------|------------------|
|                            |                                 | 2018<br>HK\$'000         | 2017<br>HK\$'000 |
| Mr. Lai Kin Chung, Kenneth | Interest income from a director | 2                        | -                |

#### (b) 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 |                  |
|------------------------------|--------------------------|------------------|
|                              | 2018<br>HK\$'000         | 2017<br>HK\$'000 |
| Short-term employee benefits | 1,482                    | 4,328            |

The remuneration of directors was decided by the board of directors, which is reviewed by the Remuneration Committee, having regard to the performance of the individuals and market trends.

### 14. COMMITMENTS

As at the end of the current interim period, the Group had the following commitment:

Contracted for but not provided in the condensed consolidated financial statements:

|  | 30 June<br>2018<br>HK\$'000 | 31 December<br>2017<br>HK\$'000 |
|--|-----------------------------|---------------------------------|
| Capital expenditure in respect of the formation of an investment | 414,790                     | 414,790                         |

# 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 decreased by 24.0% for the six months ended 30 June 2018 to HK\$15.5 million, representing 50.5% of the total revenue from medical products and plastic toys business. Revenue from US customers increased by 39.2% for the six months ended 30 June 2018 to HK\$6.3 million, accounting for 20.6% of the total revenue from medical and plastic toys business. Revenue from the PRC customers decreased by 14.7% for the six months ended 30 June 2018 to HK\$4.3million, accounting for 14.2% 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 2018 was HK\$22.1 million, representing a decrease of 13.0% over last period and accounted for 72.3% of the total revenue from medical products and plastic toys business. The decrease was mainly due to keen market competition for both powered and manual products. Sales revenue from plastic toys decreased by 26.3% for the six months ended 30 June 2018 to HK\$8.5 million mainly due to keen market competition.

### Securities Brokerage, Margin Financing, Underwriting and Placements

Black Marble Securities Limited (“Black Marble Securities”), a wholly-owned subsidiary of the Company, had generated HK\$7.7 million revenue for the six months ended 30 June 2018, representing a decrease of 52.2% over last period and accounted for 6.5% of the total revenue of the Group. It was because the weak market condition led the interest income generated from the margin client decreased from HK\$13.5 million for the six months ended 30 June 2017 to HK\$7.5 million for the six months ended 30 June 2018.

## Assets Management Business

The Group wishes to provide a full range of financing services to its clients other than only securities brokerage, underwriting and placements services and money lending business. The Group has started to develop assets management business and wishes to launch different type of fund to attract new investors for scaling up the portfolio size and the Group will receive management fees and incentive fees based on the amount of assets under management, and returns of portfolios, respectively. The use of proceeds from the rights issue completed in September 2016 of approximately HK\$150 million has been injected to Black Marble Global Investment Fund SPC as seed capital. However, the assets management business has not yet generated any revenue during the six months ended 30 June 2018 because the said business was still in an early stage.

## Money Lending and Finance Leasing

For the six months ended 30 June 2018, 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 HK\$65.5 million interest income for the six months ended 30 June 2018, increased HK\$28.5 million as compared to last period, representing 55.1% of the total revenue of the Group. The increase in revenue was mainly contributed by the Group's effort in expanding its loan portfolio. Directors are of the view that such business will keep contributing an income stream to the Group and has become one of the main sources of income for the Group.

## Sales of Garment Accessories

The sales of garment accessories had generated HK\$14.3 million revenue for the six months ended 30 June 2018 which indicated an increase of HK\$0.9 million as compared to last period and representing 12.0% of the total revenue of the Group. The business of trading of garment accessories continuously generated a stable income stream to the Group during the six months ended 30 June 2018.



## PROSPECTS

The Group has kept expanding in the securities market and has endeavoured to develop and expand the money lending business in Hong Kong and the PRC, as a result the securities brokerage, margin financing, underwriting and placement services and the money lending business has become the main income stream of the Group, and representing 62.4% of the total revenue of the Group for the period. The Directors believe that by taking a proactive approach in developing and diversifying the financial business sector of the Group will generate promising returns to the shareholders of the Company (the “Shareholders”) in the future. 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 and aim at extending our financial businesses to the market of Mainland China. As such, Black Marble Securities has entered into the joint venture agreement with China Kweichow Moutai (Group) Distillery Co., Ltd, Huakang Insurance Agency Co., Ltd, First Shanghai Financial Holding Limited and Shijiazhuang Changshan Textile Co., Ltd in relation to the proposed joint venture formation under the CEPA framework for the purpose of establishing a licensed corporation to provide full range of securities and financial services in the PRC. The joint venture company, with its proposed name of Guangdong Silk Road Securities Co., Ltd, will be established as a limited liability company, with its office to be established in the Nansha District, Guangzhou City, Guangdong Province, the PRC. The Directors consider that through the joint venture company, the Group will be able to tap into the financial services market in the PRC and capture any opportunities arising from the increasing investment and fund raising demand in the PRC. The joint venture can bring synergy effects to the Group’s existing securities brokerage business and leverage with the Group’s other financial businesses in the future. As at the date of this report, the joint venture shareholders are still waiting for the People’s Government of Guangdong Province’s written consent. Once the written consent is obtained, the joint venture shareholders will submit the formal application to the China Securities Regulatory Commission for the establishment of and the grant of regulatory licenses to the proposed joint venture company. Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will keep expanding the existing business and look for potential investment opportunities to diversify its business scope and leverage with the Group’s financial sectors. We are committed to strengthen the corporate governance of the Group, and will continue to facilitate the resumption of trading in the shares of the Company and create the greatest possible value for all the Shareholders.

## FINANCIAL REVIEW

Consolidated revenue for the six months ended 30 June 2018 was HK\$118.9 million (2017: HK\$103.5 million), representing an increase of 14.9% over the corresponding period last year. Although the revenue from securities brokerage, underwriting and placements services and medical products and plastic toys business has decreased by HK\$14.7 million, the increase in the consolidated revenue was mainly due to the increase of money lending business and other financial services, of which the increment was HK\$29.2 million.

Gross profit margin for the six months ended 30 June 2018 was 66.8%, representing an increase of approximately 7.7 percentage points as compared to the gross profit margin of 59.1% in the last period. It was mainly because the revenue generated from securities brokerage business and the money lending business and other financial services shared a higher gross profit ratio than the medical products and plastic toys businesses. The revenue from securities brokerage business and the money lending business and the other financial services represented 62.2% of the total revenue of the Group for the six months ended 30 June 2018, representing an increase of approximately 11 percentage points as compared to the last period.

Loss for the six months ended 30 June 2018 was HK\$23.0 million (2017: HK\$461.7 million) and loss for the period attributable to owners of the Company was HK\$23.5 million (2017: HK\$461.7 million). The increase was mainly attributable to the loss on fair value changes of held-for-trading investments of HK\$502.7 million recognised for the period ended 30 June 2017, while loss on fair value changes of held-for-trading investments of HK\$11.6 million was recognised for the six months ended 30 June 2018.

## GUARANTEED PROFIT ON ACQUISITION OF SUBSIDIARIES

On 11 October 2017, the Company entered into an agreement (the “Acquisition Agreement”) with GE Oriental Financial Group Limited (“GOFG”), an independent third party of the Group, to purchase the 80% issued share capital of Genuine Oriental Wealth Management Limited (“GOWM”), by paying cash consideration of HK\$13,000,000. The transaction was completed on 18 October 2017 (the “Acquisition Date”).

GOWM is principally engaged in providing insurance brokerage service. Pursuant to the Acquisition Agreement, GOFG warrants and represents to the Group that for the period from 1 April 2017 to 31 March 2018, the net profit after tax of GOWM shall not be less than HK\$2 million (the "Profit Guarantee"). According to the audited report of GOWM received in June 2018, the Profit Guarantee was achieved. As at 31 December 2017, the fair value of contingent consideration receivable was approximately HK\$10,249,000. Thus, the Group had recognised a loss of fair value change in contingent consideration of approximately HK\$10,249,000 for the six months ended 30 June 2018.

## **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 2018 decreased by HK\$26.3 million to HK\$339.8 million as compared to HK\$366.0 million as at 31 December 2017. As at 30 June 2018, the Group had bank borrowings of HK\$3.8 million (2017: HK\$4.3 million), bank overdrafts of HK\$4.9 million (2017: HK\$5.1 million) and bond payable of HK\$817.8 million (2017: HK\$827.7 million). As at 30 June 2018, the Group had net current assets of HK\$1,921.0 million (2017: HK\$1,957.8 million) and a current ratio of 12.7 (2017: 13.5). Average trade receivable turnovers and average inventory turnovers for the medical products and plastic toys business and trading of garments for the six months ended 30 June 2018 were 115 days (2017: 116 days) and 76 days (2017: 78 days) respectively. The Group's gearing ratio as at 30 June 2018 was 64.9% (2017: 64.5%).

## **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 2018, there were no significant investments held by the Group as at 30 June 2018. 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 2018 are set out in Note 9 to this report.

## RESULT OF RIGHTS ISSUE

Reference is made to the announcement of the Company dated 29 June 2016, the Company proposed to raise gross proceeds of not less than approximately HK\$307.1 million before expenses and not more than approximately HK\$309.6 million before expenses, by way of rights issue of not less than 1,535,482,758 rights shares and not more than 1,547,952,006 rights shares at the subscription price of HK\$0.20 per rights share on the basis of two rights shares for every one Consolidated Share held on the record date (the “Rights Issue”). On 21 September 2016, 1,535,482,758 ordinary shares were allotted and issued pursuant to the Rights Issue. The net proceeds for the Rights Issue were approximately HK\$301 million. Up to the date of this report, proceeds from the Rights Issue (i) for HK\$150 million seed capital investment and operation in the asset management company, the Group has fully injected into the fund and operation in the asset management company; (ii) for HK\$80 million in developing the finance lease business in the PRC, the Group has utilised HK\$19.8 million and the remaining will be utilised as planned; and (iii) remaining balance of HK\$71 million for general working capital of the Company has been utilised HK\$30 million and HK\$41 million in securities brokerage business and money lending business respectively.

Reference is made to the announcements of the Company dated 14 March 2017 and 24 April 2018 (the “Announcements”), the Underwriter and the Company mutually agreed to terminate the Underwriting Agreement effective from 24 April 2018, and the rights issue would not be proceeded further. Please refer to the Announcements for details.

## PLEDGE OF ASSETS

The bank borrowings were secured by personal guarantee and properties provided by a director of a subsidiary 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\$7.4 million (2017: HK\$7.4 million). There was no margin financing payables secured by held-for-trading investment as at 30 June 2018.

## 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 2018, the Company did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2018, the Group employed a total workforce of 220 staff members, of which 170 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 2018.

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

During the six months ended 30 June 2018, 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 2018, 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 2018, 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<br>(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 2018.

## 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 2018, save for the deviations as stated below:

Under the Code provision A.2.1 of the Code, the rules 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 2018, 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, 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 2018.

## **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 2018.

## **SUSPENSION OF TRADING**

Trading in the shares of the Company on the SEHK has been suspended at the direction of the Securities and Futures Commission since 6 June 2017 and remains suspended until further notice. Details refer to the announcements of the Company dated 5 June 2017, 6 June 2017, 7 June 2017 and 9 August 2017.

On behalf of the Board

**Lerado Financial Group Company Limited**

**Ho Kuan Lai**

*Executive Director*

Hong Kong, 31 August 2018

*As at the date of this report, the executive Directors are Mr. CHEN Chun Chieh, Mr. LAI Kin Chung, Kenneth and Ms. HO Kuan Lai; and the independent non-executive Directors are Mr. YU Tat Chi Michael, Mr. YANG Haihui and Mr. LAM Williamson.*