LERADO FINANCIAL GROUP
隆成金融集團

Lerado Financial Group Company Limited
隆成金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1225)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of Lerado Financial Group Company Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	**2017** **HK$'000**	2016 *HK$'000*
Revenue		**224,221**	221,811
Gross proceeds from sale of held-for-trading investments		**143,640**	51,162
		367,861	272,973
Revenue	*3*	**224,221**	221,811
Cost of inventories and services		**(79,970)**	(130,417)
		144,251	91,394
Other income		**12,856**	22,737
Other gains and losses	*4*	**(600,264)**	(187,804)
Marketing and distribution costs		**(8,813)**	(4,721)
Research and development expenses		**(899)**	(1,026)
Administrative expenses		**(107,613)**	(124,130)
Share of loss of an associate		**(5,907)**	(9,632)
Finance costs		**(45,570)**	(12,098)
Loss before taxation		**(611,959)**	(225,280)
Income tax credit (expense)	*5*	**76,959**	(21,177)
Loss for the year	*6*	**(535,000)**	(246,457)

	NOTES	2017 HK$'000	2016 HK$'000
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Gain (loss) on revaluation of land and buildings		**3,576**	(2,256)
Recognition of deferred tax asset (liability) arising on revaluation of land and buildings		**–**	1,126
		3,576	(1,130)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**3,005**	(3,236)
Other comprehensive income (expense) for the year		**6,581**	(4,366)
Total comprehensive expense for the year		**(528,419)**	(250,823)
Loss for the year attributable to:			
Owners of the Company		**(534,962)**	(246,457)
Non-controlling interest		**(38)**	–
		(535,000)	(246,457)
Total comprehensive expense attributable to:			
Owners of the Company		**(528,381)**	(250,823)
Non-controlling interests		**(38)**	–
		(528,419)	(250,823)
Loss per share	*8*		
– Basic		**(HK23.23 cents)**	(HK21.04 cents)
– Diluted		**(HK23.23 cents)**	(HK21.04 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	NOTES	**2017** HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**36,242**	97,122
Prepaid lease payments		**14,408**	13,439
Investment properties		**71,676**	88,491
Goodwill		**35,315**	31,600
Investment in an associate		**–**	5,907
Available-for-sale investments		**1,000**	28,990
Deposit paid for acquisition of additional interest in an available-for-sale investment		**–**	5,977
Deposits paid for forming of associate		**10,028**	–
Statutory deposits placed with clearing house		**230**	243
Finance lease receivables		**9,315**	–
		178,214	271,769
Current assets			
Inventories		**19,022**	13,296
Trade and other receivables and prepayments	*9*	**378,058**	437,768
Finance lease receivables	*9*	**6,881**	–
Loans receivables	*9*	**1,225,364**	625,440
Prepaid lease payments		**420**	392
Contingent consideration		**10,249**	–
Held-for-trading investments	*11*	**68,604**	679,594
Bank balances (trust and segregated accounts)		**39,374**	36,060
Bank balances (general accounts) and cash		**366,038**	431,870
		2,114,010	2,224,420
Current liabilities			
Trade and other payables and accruals	*12*	**130,200**	142,555
Taxation payable		**16,578**	21,543
Borrowings		**9,384**	50,501
		156,162	214,599
Net current assets		**1,957,848**	2,009,821
		2,136,062	2,281,590

	NOTES	**2017**	2016
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**690,968**	690,968
Reserves		**606,070**	1,133,831
Total equity		**1,297,038**	1,824,799
Non-current liabilities			
Bonds		**827,720**	361,761
Deferred tax liabilities		**11,304**	95,030
		839,024	456,791
		2,136,062	2,281,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business of the Company is at 21/F & 22/F, The Wellington, 198 Wellington Street, Central, Hong Kong. The Company acts as an investment holding company. Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended at the direction of the Securities and Futures Commission since 6 June 2017. As at the date of approval of these financial statements, the trading of shares of the Company remains suspended.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are described as follows:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year when HKFRS 9 is mandatory effective and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *"Revenue"*, HKAS 11 *"Construction Contracts"* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarification to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised prepaid lease payments on land use rights where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

For other amendments to HKFRSs, the Directors anticipate that their application will have no material impact on the results and the financial position of the Group.

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 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 service	Provision of asset management services

Revenue – continuing operations

An analysis of the Group's revenue by major products and services categories for the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
Medical products	**46,738**	78,701
Plastic toys	**19,792**	25,608
Sales of garment accessories	**28,193**	27,518
Fee and commission income	**27,760**	60,106
Interest income from loans receivables and finance lease receivables	**101,738**	29,878
	224,221	221,811

Segment revenue and results – continuing operations

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

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Assets management service *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2017						
Segment revenue – external	**66,530**	**28,193**	**27,760**	**101,738**	**–**	**224,221**
Segment results	**(8,500)**	**1,983**	**(50,082)**	**98,050**	**(1,670)**	**39,781**
Change in fair value of:						
– investment properties						**4,161**
– held-for-trading investments						**(592,150)**
– contingent consideration						**3,516**
Property rental income						**4,166**
Impairment loss on deposit paid for acquisition of additional interest in an available-for-sale investment						**(5,977)**
Loss on disposal of available-for-sale investment						**(5,189)**
Loss an disposal of property, plant and equipment						**(3,025)**
Impairment of goodwill						**(1,600)**
Share of loss of an associate						**(5,907)**
Unallocated corporate income						**138**
Unallocated corporate expenses						**(49,873)**
Loss before taxation						**(611,959)**

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Assets management service *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2016						
Segment revenue – external	104,309	27,518	60,106	29,878	–	221,811
Segment results	(29,756)	(14,590)	14,008	28,905	(4,545)	(5,978)
Change in fair value of:						
– investment properties						4,873
– held-for-trading investments						(70,434)
Property rental income						2,231
Impairment loss on deposits paid for acquisition of property, plant and equipment						(103,352)
Share of loss of an associate						(9,632)
Unallocated corporate income						154
Unallocated corporate expenses						(43,142)
Loss before taxation						(225,280)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by/loss from each segment without allocation of change in fair value of investment properties/certain held-for-trading investments not included in securities business and asset management segments/derivative financial instruments, property rental income, impairment loss on deposits paid for acquisition of property, plant and equipment, share of loss of an associate, unallocated corporate income and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resources allocations and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Assets management service *HK$'000*	Consolidated *HK$'000*
As at 31 December 2017						
Segment assets	**90,628**	**50,801**	**406,181**	**1,337,460**	**67,101**	**1,952,171**
Investment properties						**71,676**
Available-for-sale investments						**1,000**
Deposit paid for an associate						**10,028**
Held-for-trading investments						**68,604**
Contingent consideration						**10,249**
Other unallocated assets						**178,496**
Total assets						**2,292,224**
Segment liabilities	**(20,349)**	**(16,341)**	**(97,600)**	**(4)**	**(9,598)**	**(143,892)**
Bonds						**(827,720)**
Other unallocated liabilities						**(23,574)**
Total liabilities						**(995,186)**

	Medical products and plastic toys business *HK$'000*	Trading of garments *HK$'000*	Securities brokerage business *HK$'000*	Money lending business and other financial services *HK$'000*	Assets management service *HK$'000*	Consolidated *HK$'000*
As at 31 December 2016						
Segment assets	219,365	50,783	451,259	695,093	145,829	1,562,329
Investment properties						88,491
Investment in an associate						5,907
Available-for-sale investments						28,990
Deposit paid for acquisition of additional interest in available-for-sale investment						5,977
Held-for-trading investments						542,024
Other unallocated assets						262,471
Total assets						2,496,189
Segment liabilities	(56,757)	(19,466)	(70,719)	(90,390)	(8,025)	(245,357)
Bonds						(361,761)
Other unallocated liabilities						(64,272)
Total liabilities						(671,390)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets, other than investment properties, investment in an associate, available-for-sale investments, deposits paid for acquisition of property, plant and equipment, deposit paid for acquisition of additional interest in available-for-sale investment, held-for-trading investments and contingent consideration not included in securities brokerage business and assets management service segments and assets of the investment holding companies, are allocated to reportable and operating segments; and

- all liabilities, other than bonds and liabilities of the investment holding companies, are allocated to reportable and operating segments.

Other segment information

	Medical products and plastic toys business	**Trading of garments**	**Securities brokerage business**	**Money lending business and other financial services**	**Assets management service**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2017							
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to property, plant and equipment	**844**	**–**	**–**	**–**	**–**	**–**	**844**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(3,025)**	**(3,025)**
Depreciation of property, plant and equipment	**1,371**	**–**	**1,519**	**–**	**–**	**272**	**3,162**
Impairment loss on goodwill	**–**	**–**	**1,600**	**–**	**–**	**–**	**1,600**
Reversal of allowance for inventories	**(2,677)**	**–**	**–**	**–**	**–**	**–**	**(2,677)**
Reversed of impairment loss recognised on trade receivables	**(8)**	**(2,019)**	**–**	**–**	**–**	**–**	**(2,027)**
Impairment loss recognised on trade receivables	**–**	**–**	**6,760**	**–**	**–**	**–**	**6,760**

	Medical products and plastic toys business	Trading of garments	Securities brokerage business	Money lending business and other financial services	Assets management service	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2016							
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to property, plant and equipment	1,757	–	3,926	–	–	–	5,683
Depreciation of property, plant and equipment	4,754	–	1,148	–	–	88	5,990
Impairment loss on goodwill	–	11,318	–	–	–	–	11,318
Allowance for inventories	13,231	–	–	–	–	–	13,231
Impairment loss recognised on trade receivables	592	5,000	4,093	–	–	–	9,685

Geographical information

The Group's operations are principally located in the People's Republic of China ("PRC") and Hong Kong.

Information about the Group's revenue from external customers is presented based on the locations of the customers.

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**150,896**	109,109
Europe*	**34,586**	48,596
The United States of America	**10,246**	26,269
The PRC (excluding Hong Kong)	**14,921**	18,422
Australia	**1,712**	2,772
South America	**455**	601
Others*	**11,405**	16,042
	224,221	221,811

* No further analysis by countries in these two categories is presented because the revenue from each individual country is insignificant to the total revenue.

Majority of the non-current assets are located in the PRC and Hong Kong.

Information about major customers

The Group's revenue from external customers is mainly derived from the PRC and Hong Kong. For the year ended 31 December 2017, there was no customer which amounted for more than 10% of total revenue. For the year ended 31 December 2016, revenue for the largest customer of medical and plastic toys business amounted to HK$24,051,000 which contributed more than 10% of the Group's total revenue.

4. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Impairment loss on goodwill	**(1,600)**	(11,318)
Impairment loss on deposits paid for acquisition of property, plant and equipment	**–**	(103,352)
Loss on disposal of property, plant and equipment	**(3,025)**	–
Loss on disposal of avaliable-for-sale investment	**(5,189)**	–
Impairment loss on deposit paid for acquisition of an associate	**(5,977)**	–
Fair value changes of:		
– investment properties	**4,161**	4,873
– held-for-trading investments	**(592,150)**	(78,007)
– contingent consideration	**3,516**	–
	(600,264)	(187,804)

5. INCOME TAX (CREDIT) EXPENSE

	2017 *HK$'000*	2016 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**8,089**	6,018
The PRC Enterprise Income Tax ("EIT")	**548**	718
Other jurisdictions	**–**	123
	8,637	6,859
Overprovision in prior years:		
Hong Kong Profits Tax	**(1,400)**	(631)
The PRC EIT	**–**	–
Other jurisdictions	**–**	–
	(1,400)	(631)
Deferred taxation:		
Current year	**(84,196)**	14,949
	(76,959)	21,177

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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 both years.

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

6. LOSS FOR THE YEAR

	2017 *HK$'000*	2016 *HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Salaries, allowances and bonuses, including those of directors	**47,350**	44,255
Contributions to retirement benefit schemes, including those of directors	**2,146**	1,409
Total employee benefits expense, including those of directors	**49,496**	45,664
Amortisation of prepaid lease payments	**404**	410
Auditor's remuneration	**950**	1,800
Cost of inventories recognised as an expense	**74,845**	110,204
Depreciation of property, plant and equipment	**3,162**	5,990
Impairment loss recognised (reversed) on trade receivables	**4,733**	9,685
(Reversal of allowance) allowance for inventories	**(2,677)**	13,231
Bank interest income	**(201)**	(970)
Property rental income net of negligible outgoing expenses	**(4,163)**	(2,231)

7. DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2017 (2016: nil).

8. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company, for the purpose of basic and diluted loss per share	**(534,962)**	(246,457)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,303,224,137**	1,171,276,841

The computation of diluted loss per share for the year ended 31 December 2017 and 2016 does not assume the exercise of the Company's share option as the exercise would result in an decrease in loss per share for the year.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, LOAN RECEIVABLES AND FINANCE LEASE RECEIVABLES

(a) The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts from medical products and plastic toys business and trading of garment presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**6,484**	11,998
31 to 90 days	**6,674**	8,408
Over 90 days	**18,955**	11,336
	32,113	31,742

(b) The normal settlement terms of trade receivables 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 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 of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

(d) Included in loans receivables are debtors of loans receivables with the aggregate carrying amount of HK$35,099,250 (2016: HK$84,100,000) which have been past due but the directors of the Company 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.

(e) In respect of finance lease receivables from debtors of which HK$6,881,000 is aged within 1 year and HK$9,315,000 is aged over 1 year.

11. HELD-FOR-TRADING INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**62,604**	672,294
Debt securities traded in Hong Kong	**6,000**	7,300
	68,604	679,594

The Group has recorded a loss on fair value changes of held-for-trading investments for the year ended 31 December 2017 of HK$592.2 million (2016: loss on fair value of HK$78 million) which was mainly arise from the realised loss on fair value change of investment in CJHL of approximately HK$254.6 million and SOHL of approximately HK$74.8 million.

CJHL is principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers. Sing On Holdings Limited ("SOHL") is principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as subcontractor.

The fair value of measurement of the Group's held-for-trading investments were categorised into Level 1 and fair values have been determined by reference to the quoted market bid prices available on the Stock Exchange.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**9,960**	19,045
31 to 90 days	**3,241**	3,479
Over 90 days	**10,247**	2,226
	23,448	24,750

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 28.8% for the year ended 31 December 2017 to HK$34.6 million, representing 52.0% of the total revenue from medical products and plastic toys business. Revenue from US customers decreased by 61.0% for the year ended 31 December 2017 to HK$10.2 million, accounting for 15.4% of the total revenue from medical and plastic toys business. Revenue from the PRC customers decreased by 18.4% for the year ended 31 December 2017 to HK$10.0million, accounting for 15.0% of the total revenue from medical and plastic toys business. In terms of products, sales revenue from medical products for the year ended 31 December 2017 was HK$46.7 million, representing a decrease of 40.6% over last period and accounted for 70.3% 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 22.7% for the year ended 31 December 2017 to HK$19.8 million mainly due to keen market competition.

Securities Brokerage, Margin Financing, Underwriting and Placements

Black Marble Securities Limited, a wholly-owned subsidiary of the Company ("Black Marble Securities") has generated HK$27.3 million revenue for the year ended 31 December 2017 and has decreased 54.6% over last period, representing 12.2% of the total revenue of the Group. It was because the weak market condition led the underwriting and placing income has been significantly dropped by HK$34.5 million as compared to last year. However, the interest income generated from the margin client has been increased from HK$17.5 million for the year 31 December 2016 to HK$22.3 million for the year ended 31 December 2017.

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 proceed from the rights issue in September 2016 of approximately HK$150 million has been injected to the Black Marble Global Investment Fund SPC as seed capital. However, the assets management business has not yet generated any revenue during the year ended 31 December 2017 due to the said business is still in an early stage.

Money Lending and Finance Leasing

For the year ended 31 December 2017, 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 has generated HK$101.7 million interest income for the year and has increased HK$71.9 million as compared to last year, representing 45.4% of the total revenue of the Group. The increase in revenue was mainly contributed by the Group's effort in expanding its loan portfolio from HK$625.4 million to HK$1,241.6 million. Directors are of the view that such business will keep contribute the income stream of the Group and has become one of the main sources of income for the Group.

Sales of Garment Accessories

Since June 2015, the Group diversified into the business of the sales of garment accessories and it has generated HK$28.2 million revenue for the period which indicated an increase of HK$0.7 million as compared to last year and representing 12.6% 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 year.

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 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 57.5% of the total revenue of the Group for the year. 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. 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 of the Company and create the greatest possible value for all the Shareholders.

FINANCIAL REVIEW

Consolidated revenue of the Group for the year ended 31 December 2017 was HK$224.2 million (2016: HK$221.8 million), representing an increase of 1.1% over last year. Although, the revenue from securities brokerage, underwriting and placements services and medical products and plastic toys business has decreased by HK$70.6 million, the increase in the consolidated revenue was mainly due to the increase of money lending and finance leasing business, of which the increment was HK$71.9 million.

Gross profit margin of the Group for the period was 64.3%, representing an increase of approximately 23.1 percentage points as compared to the gross profit margin of 41.2% in the last year. It was mainly due to 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 represented 57.5% of the total revenue of the Group for the year, representing an increase of approximately 16.9 percentage points as compared to the last year.

Loss of the Group for the year ended 31 December 2017 was HK$535 million (2016: HK$246.5 million) and loss for the year attributable to owners of the Company was HK$535 million (2016: HK$246.5 million). The decrease was mainly due to the loss on fair value changes of held-for-trading investments of HK$592.2 million for the year ended 31 December 2017 (2016: HK$78 million).

ACQUISITIONS OF ASSETS AND SUBSIDIARIES

On 11 October 2017, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party of the Group to purchase 80% of the issued share capital of Genuine Oriental Wealth Management Limited ("GEOWML") for a cash consideration of HK$13,000,000. The principal activities of GEOWML is providing insurance broker service. The acquisition was completed on 18 October 2017.

DISPOSALS OF ASSETS

On 15 March 2017, a wholly-owned subsidiary of the Company entered into the provisional agreements with an independent third party of the Group to sell a property at total cash consideration of approximately HK$61,020,000. The transaction was completed in May 2017. Details refer to the announcement of the Company dated 15 March 2017.

On 27 June 2017, the Group disposed on-market of a total of 1,479,225,000 shares of China Jicheng Holdings Limited("China Jicheng Share"), at an average price of HK$0.0169 per China Jicheng Share for a gross sale proceeds of approximately HK$24.96 million. Details refer to the announcement of the Company dated 27 June 2017.

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 31 December 2017 decreased by HK$65.8 million to HK$366.0 million as compared to HK$431.9 million as at 31 December 2016. The Group has bank borrowings of HK$4.3 million (2016: HK$5.5 million), bank overdrafts of HK$5.1 million (2016: HK$5.0 million) and bond payable of HK$827.7 million (2016: HK$361.8 million) and has repaid all the term loans (2016: HK$40.0 million) as at 31 December 2017. As at 31 December 2017, the Group had net current assets of HK$1,957.8 million (31 December 2016: HK$2,009.8 million) and a current ratio of 13.5 (31 December 2016: 10.4). Average trade receivable turnovers and average inventory turnovers for the medical products and plastic toys business and trading of garments for the year ended 31 December 2017 were 116 days (31 December 2016: 98 days) and 78 days (31 December 2016: 79 days) respectively. The Group's gearing ratio as at 31 December 2017 was 64.5% (2016: 22.6%).

SIGNIFICANT INVESTMENTS

Since there was 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 31 December 2017, there were no significant investments held by the Group. Details of the held-for-trading investments held by the Group and the fair value changes of the held-for-trading investments for the period are set out in note 11 to the financial statements.

RESULT OF RIGHTS ISSUE

On 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 announcement, proceeds from the Rights Issue (i) for the 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 the 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.

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$9.4 million (2016: HK$10.5 million). As at 31 December 2016, the margin financing payables of HK$26.5 million are secured by held-for-trading investment of approximately HK$418.8 million. There was no margin financing payables are secured by held-for-trading investment as at 31 December 2017.

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. 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 31 December 2017, the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed a total workforce of around 270 staff members, of which about 200 worked in the PRC, about 5 in Taiwan 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.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

The Directors consider that the Company had fully complied with Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2017, save for deviations as stated hereof: Code Provision A.2.1 – The roles of the chairman and the chief executive officer of the Company were not separated and were performed by Mr. Mak Kwong Yiu for the period from 1 January 2017 to 22 December 2017. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All the Directors have confirmed that, following specific enquiry by the Company, they fully complied with the required standard as set out in the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee of the Company comprising the three independent non-executive Directors 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 audited financial statements for the year ended 31 December 2017.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The Company's annual report for the year ended 31 December 2017 containing all the relevant information required by the Listing Rules and other applicable laws will be published in due course on the website of The Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the website of the Company at www.lerado.com.

SUSPENSION OF TRADING

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

By order of the Board
Lerado Financial Group Company Limited
Lai Kin Chung, Kenneth
Executive Director

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. CHEN Chun Chieh, Mr. HUANG Shen Kai, Mr. LAI Kin Chung, Kenneth and Ms. HO Kuan Lai; and the independent non-executive Directors are Mr. YE Jianxin, Mr. YU Tat Chi Michael and Mr. YANG Haihui.