L & A International Holdings Limited
樂亞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8195)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of L & A International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

— Revenue for the year ended 31 March 2019 increased by approximately 23.9% to approximately HK$71,731,000 (2018: approximately HK$57,881,000).

— Loss for the year ended 31 March 2019 amounted to approximately HK$10,131,000 (2018: approximately HK$271,246,000).

— Total equity attributable to owners of the Company as at 31 March 2019 was approximately HK$98,177,000 (2018: approximately HK$137,822,000).

— Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2019 was approximately HK0.74 cent (2018: approximately HK21 cents).

— The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

The board (the "Board") of Directors is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 together with the comparative audited figures for the proceeding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	3	**71,731**	57,881
Cost of sales		**(62,019)**	(43,918)
Reversal of impairment losses on financial assets, net	8	**15,847**	—
Other income	4	**595**	949
Other gains and (losses), net	5	**141**	(248,519)
Selling and distribution costs		**(3,004)**	(1,849)
Administrative expenses		**(30,365)**	(23,069)
Finance costs	6	—	(805)
Share of loss of associate		—	(12,786)
Loss before taxation		**(7,074)**	(272,116)
Income tax (expenses)/credit	7	**(3,057)**	870
Loss for the year	8	**(10,131)**	(271,246)
Other comprehensive expense for the year, net of income tax			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income		**(5,481)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,708)**	3,672
Reclassification adjustments arising from exchange differences released upon disposal of subsidiaries		**1,633**	(4,117)
Other comprehensive expense for the year, net of income tax		**(6,556)**	(445)
Total comprehensive expense for the year		**(16,687)**	(271,691)

	Note	2019 HK$'000	2018 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(9,427)**	(269,171)
Non-controlling interests		**(704)**	(2,075)
		(10,131)	(271,246)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(16,077)**	(269,537)
Non-controlling interests		**(610)**	(2,154)
		(16,687)	(271,691)
Loss per share			
Basic and diluted *(HK cents)*	*10*	**(0.74)**	(21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,271**	164
Investment property		—	30,300
Goodwill		—	219
Intangible assets		—	4,578
Interest in an associate		—	—
Equity instruments at fair value through other comprehensive income		**14,000**	—
Available-for-sale investment		—	21,924
Rental deposits	*11*	**156**	—
Deferred tax assets		**1,567**	7
Loan receivable		**780**	—
		17,774	57,192
Current assets			
Financial assets at fair value through profit or loss		**9,034**	10,698
Inventories		**6,487**	4,570
Trade and other receivables	*11*	**11,442**	20,493
Loan receivables		**63,145**	41,899
Cash and cash equivalents		**5,229**	16,097
Tax recoverable		**174**	—
		95,511	93,757
Assets classified as disposal group held for sale		**1,123**	—
		96,634	93,757
Current liabilities			
Trade payables	*12*	**143**	2,266
Contract liabilities		**135**	—
Other payables and accrued expenses	*12*	**12,539**	9,530
Tax payable		**1,114**	836
Provision for litigation		**1,735**	—
		15,666	12,632
Liabilities directly associated with assets classified as disposal group held for sale		**294**	—
		15,960	12,632
Net current assets		**80,674**	81,125
Total assets less current liabilities		**98,448**	138,317

	2019	2018
	HK$'000	*HK$'000*
Non-current liability		
Deferred tax liabilities	**122**	1,125
Net assets	**98,326**	137,192
Capital and reserves		
Share capital	**51,200**	51,200
Reserves	**46,977**	86,622
Equity attributable to owners of the Company	**98,177**	137,822
Non-controlling interests	**149**	(630)
Total equity	**98,326**	137,192

NOTES

For the year ended 31 March 2019

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of the Stock Exchange.

The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands and Unit No. D, 5th Floor, Wing Hong Centre, No. 18 Wing Hong Street, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the manufacturing, sales and retailing of garment products, money lending business and wholesaling business.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

These financial statements are presented in Hong Kong dollar ("HK$") which is the Company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that equity investment at fair value through other comprehensive income and equity securities held for trading are measured at fair values at the end of each reporting period.

Non-current assets and disposal group classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2.1 HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 April 2018.

	HK$'000
Accumulated losses	
Recognition of additional expected credit losses on financial assets measured at amortised cost	(25,300)
Related tax	4,175
Net increase in accumulated losses at 1 April 2018	(21,125)
Fair value reserve (non-recycling)	
Equity securities now measured at FVOCI and decrease in fair value reserve (non-recycling) at 1 April 2018	(2,443)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at amortised cost				
Cash and cash equivalents	16,097	—	—	16,097
Trade and other receivables (excluding prepayments and deposits)	20,238	—	—	20,238
Loan receivables	41,899	—	(25,300)	16,599
	78,234	—	(25,300)	52,934
Financial assets measured at FVOCI (non-recyclable)				
Equity securities *(note (i))*	—	21,924	(2,443)	19,481
Financial assets carried at FVPL				
Equity securities held for trading *(note (ii))*	10,698	—	—	10,698
Financial assets classified as available-for-sale under HKAS 39 *(note (i))*	21,924	(21,924)	—	—

Notes:

(i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated its equity investment in Wealth Power Group Limited at FVOCI, as the investment is held for strategic purposes.

(ii) Equity securities held for trading were classified as financial assets at FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

(b) ***Credit losses***

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following item:

— financial assets measured at amortised cost (including cash and cash equivalents, loan receivables and trade and other receivables);

— contract assets (if any) as defined in HKFRS 15.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 March 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 April 2018:

	HK$'000
Loss allowance at 31 March 2018 under HKAS 39	257
Additional credit loss recognised at 1 April 2018 on loan receivables	25,300
Loss allowance at 1 April 2018 under HKFRS 9	25,557

(c) ***Transition***

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

— The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

  — the determination of the business model within which a financial asset is held; and

  — the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2.2 HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

There is no significant impact on the Group's financial position upon initial application at 1 April 2018. Comparative information continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(a) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

(c) Presentation of contract assets (if any) and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.3 HK (IFRIC) 22 Foreign Currency Transactions and Advance Consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK (IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive Directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following four reportable segments.

(i) OEM Business: manufacturing and sales of OEM garment products;

(ii) Retail Business: retailing and wholesaling of garment products under the Group's own brand and high-end fashion brand;

(iii) Money Lending: provision of loan services; and

(iv) Wholesaling Business: wholesaling of other products other than garment, including but not limited to baby products and seafood.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive Directors monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment results represents pre-tax profit/loss incurred from each segment without allocation of other income, other gains and losses, net, certain corporate expenses, share of loss of associate, impairment losses/reversal of impairment losses of assets and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Segments assets include all tangible, intangible assets and current assets with the exception of interest in an associate and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segment. For the year ended 31 March 2018, no analysis of segment assets or segment liabilities was presented as such information was not regularly provided to the executive Directors.

In addition to receiving segment information concerning segment profit/(loss), the Group's executive Directors are provided with segment information concerning revenue, interest income, depreciation and amortisation, impairment losses/reversal of impairment losses, finance costs, other material non-cash items and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's executive Directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2019 and 2018 is set out below:

	Year ended 31 March 2019				
	OEM Business *HK$'000*	**Retail Business** *HK$'000*	**Money Lending** *HK$'000*	**Wholesaling Business** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue:					
Disaggregated by timing of revenue recognition					
— Point in time	**44,404**	**1,041**	**—**	**23,887**	**69,332**
— Revenue from other sources	**—**	**—**	**2,399**	**—**	**2,399**
Revenue from external customers	**44,404**	**1,041**	**2,399**	**23,887**	**71,731**
Reportable segment (loss)/profit	**(3,072)**	**(3,831)**	**444**	**(423)**	**(6,882)**
Fair value change on financial assets at FVPL					**2,799**
Gain on disposal of subsidiaries					**6,106**
Corporate expenses					**(16,775)**
Other income, and other gains and losses, net					**(8,169)**
Reversal of impairment losses on financial assets, net					**15,847**
Loss before taxation					**7,074**
Assets					
Reportable segment assets	**10,787**	**7**	**91,486**	**11,284**	**113,564**
Unallocated head office and corporate assets					**844**
Consolidated total assets					**114,408**

	Year ended 31 March 2019				
	OEM Business *HK$'000*	**Retail Business** *HK$'000*	**Money Lending** *HK$'000*	**Wholesaling Business** *HK$'000*	**Total** *HK$'000*
Liabilities					
Reportable segment liabilities	**2,281**	**1,880**	**1,349**	**4,802**	**10,312**
Unallocated head office and corporate liabilities					**5,770**
Consolidated total liabilities					**16,082**
Other segment information					
Additions to non-current assets during the year	—	—	**59**	**1,597**	**1,656**
Unallocated					**6**
					1,662
Depreciation and amortisation for the year	**93**	**1,742**	—	**265**	**2,100**
Unallocated					**1,021**
					3,121
Interest income from bank deposits	—	—	—	—	—
Unallocated corporate interest income					**41**
					41
Reversal of impairment losses on financial assets, net	—	—	**29,321**	—	**29,321**
Gain on disposal of subsidiaries	—	—	—	—	—
Unallocated					**6,106**
Gain from change in fair value of financial assets through profit or loss	—	—	—	—	—
Unallocated					**2,799**
Inventory loss caused by flood damage	**(4,180)**	**(200)**	—	—	**(4,380)**

	Year ended 31 March 2018			
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Total *HK$'000*
Reportable segment revenue:				
Disaggregated by timing of revenue recognition				
— Point in time	43,894	5,222	—	49,116
Revenue from of other resources	—	—	8,765	8,765
Revenue from external customers	43,894	5,222	8,765	57,881
Reportable segment (loss)/profit	(823)	(5,027)	8,152	2,302
Share of loss of associate				(12,786)
Impairment of interest in an associate				(271,160)
Fair value change on financial assets at fair value through profit or loss				(3,956)
Gain on disposal of a subsidiary				29,365
Corporate expenses				(13,257)
Finance costs				(805)
Other income, and other gains and losses, net				6,100
Impairment of goodwill				(7,919)
Loss before taxation				(272,116)
Other segment information				
Additions to non-current assets during the year	775	22	—	797
Unallocated				30,300
				31,097
Depreciation and amortisation for the year	392	3,747	—	4,139
Unallocated				56
				4,195

	Year ended 31 March 2018			
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Total *HK$'000*
Interest income from bank deposits	—	—	—	—
Unallocated corporate interest income				289
				289
Finance costs	—	2	—	2
Unallocated				803
				805
Impairment of goodwill	—	7,919	—	7,919
Gain on disposal of property, plant and equipment	1,383	—	—	1,383
Impairment of interest in an associate	—	—	—	—
Unallocated				(271,160)
Gain on disposed of subsidiaries	—	—	—	—
Unallocated				29,365
Loss from change in fair value of financial asset through profit or loss	—	—	—	—
Unallocated				(3,956)

There are no inter-segment revenue for the years ended 31 March 2019 and 2018.

(b) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2019 ***HK$'000***	2018 *HK$'000*
Garment products	**45,445**	49,116
Baby products	**9,688**	—
Seafood	**14,199**	—
Interest income from loan receivables	**2,399**	8,765
	71,731	57,881

(c) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment property, rental deposits, intangible assets, goodwill and interest in an associate ("specified non-current asset"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment, investment property and rental deposits is based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which they are allocated. In the case of interest in an associate, it is the location of operations of such associate.

(i) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**65,639**	54,819
United States of America ("USA")	**726**	1,263
The People's Republic of China ("PRC")	**216**	1,487
Europe	**5,150**	312
	71,731	57,881

(ii) Non-current assets

The geographical location of the Group's non-current assets (excluding financial instruments and deferred tax assets) is detailed below.

	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**1,427**	31,087
PRC	**—**	4,174
	1,427	35,261

(d) **Information about major customers**

Revenue from customers contributing 10% or more of the Group's revenue are as follows:

	2019	2018
	HK$'000	*HK$'000*
OEM Business		
— Customer A	**25,135**	23,548
— Customer B	**12,985**	10,080
— Customer C	**—**	7,850
Wholesaling Business		
— Customer D	**9,688**	—

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income on financial assets measured at amortised cost		
— bank interest income	**41**	—
— interest on promissory note receivable	**—**	289
Gross rental income from investment property	**497**	660
Sundry income	**57**	—
	595	949

5. OTHER GAINS AND (LOSSES), NET

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**—**	1,383
Impairment of interest in an associate	**—**	(271,160)
Gain on disposal of subsidiaries	**6,106**	29,365
Gain/(loss) from changes in fair value of financial assets mandatorily measured at FVPL	**2,799**	(3,956)
— Held for trading		
Impairment of goodwill	**—**	(7,919)
Inventory loss caused by flood damage	**(4,380)**	—
Trade receivable written off	**(134)**	—
(Loss)/gain on disposal of financial assets at FVPL	**(4,250)**	3,768
	141	(248,519)

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on other borrowings	**—**	805
Total interest expense on financial liabilities not at fair value through profit or loss	**—**	805

7. INCOME TAX EXPENSES/(CREDIT)

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Current year	**444**	—
PRC Enterprise Income Tax		
— Under provision in prior years	**330**	—
Deferred tax-origination and reversal of temporary differences	**2,283**	(870)
Income tax expenses/(credit)	**3,057**	(870)

Notes:

(i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(ii) The provision for Hong Kong profits tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year.

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

(iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI respectively.

(iv) For the year ended 31 March 2019, all PRC subsidiaries were subject to PRC Enterprise Income Tax at the standard rate of 25% (2018: 25%) on their respective taxable profit during the year.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
Director's remuneration	**1,308**	1,186
Other staff salaries and allowances	**6,341**	3,771
Retirement benefit scheme contributions, excluding those of directors	**210**	154
Total employee benefits expenses	**7,859**	5,111
Auditor's remuneration	**1,200**	1,050
Cost of inventories recognised as an expense *(Note)*	**66,337**	32,494
Depreciation of property, plant and equipment	**336**	647
Depreciation of an investment property	**1,014**	25
Amortisation of prepaid lease payments	**—**	31
Amortisation of intangible assets	**1,771**	3,492
Rental income from investment property less direct outgoings of HK$10,000 (2018: Nil)	**(487)**	(660)
Net exchange loss	**190**	322
Reversal of impairment losses on financial asset, net	**(15,847)**	—
Operating lease charges for premises	**612**	1,312
Provision for litigation claim	**1,735**	—

Note: Cost of sales included cost of inventories, inventories written off, and other direct costs.

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$9,427,000 (2018: HK$269,171,000) and the weighted average number of 1,280,000,000 (2018: 1,280,000,000) ordinary shares in issue during the year.

(b) Diluted loss per share

For the year ended 31 March 2019, diluted loss per share is the same as the basic loss per share as there were no potential ordinary shares outstanding during the year.

For the year ended 31 March 2018, diluted loss per share is the same as the basic loss per share as the assumed exercise of share option would result in a decrease in loss per share which was anti-dilutive.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables, net of loss allowance	**7,277**	14,984
Other receivables	**35**	571
Consideration receivable	**—**	4,683
Financial assets measured at amortised cost	**7,312**	20,238
Prepayments	**94**	—
Deposits	**4,192**	255
	11,598	20,493
Representing:		
Current	**11,442**	20,493
Non-current	**156**	—
	11,598	20,493

The Group allows credit period ranging from 30 days to 60 days to customers from OEM Business. For Retail Business, its revenue mainly comprises of credit card sales. Trade receivables under credit card sales are due within 1 month. The Group allows credit period ranging from 15 days to 60 days to customers from Wholesaling Business.

An ageing analysis of the trade receivables net of loss allowances presented based on the invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**5,552**	114
31 to 60 days	**1,635**	2,016
61 to 90 days	**—**	7,840
Over 90 days	**90**	5,014
	7,277	14,984

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**143**	2,266
Accrued staff salaries	**360**	275
Amounts due to directors		
— Ng Ka Ho	**462**	248
— Ma Chi Ming	**850**	—
Accural and other payables	**10,867**	9,007
Financial liabilities measured at amortised cost	**12,682**	11,796

(a) An ageing analysis of the trade payables as at the end of the reporting period based on the invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 60 days	—	744
61 to 90 days	—	263
Over 90 days	**143**	1,259
	143	2,266

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally derives its revenue from four business arms: (i) OEM business segment, which entails product design and development, raw materials sourcing and procurement, manufacturing and product quality control management ("OEM Business"); (ii) apparel retail business segment, which entails designing, procuring, manufacturing, marketing and retailing of pure cashmere apparel and other apparel products as well as accessories through an established retail network in Hong Kong under the Group's proprietary trademark, "Casimira" ("Retail Business"); (iii) money lending business segment, which provides financing to customers for interest income ("Money Lending Business"); and (iv) wholesaling business segment, which covers mainly the seafood ("Wholesaling Business").

OEM Business

The garment sector of the consumer market in the USA has been suffering, which lead to a significant decrease in the order and the revenue to the Group since last year. We had stepped up the efforts in securing new customers and orders, controlling our expenses and looking for ways to improve the business during the year ended 31 March 2019. We changed the operation model by placing orders with other OEM manufacturers, while maintaining our quality control standard. It would substantially reduce the costs of operation.

Retail Business

The decline in revenue is mainly attributable to the prolongation of the sluggish economy, low level of consumer sentiment and the decreasing demand for pure cashmere apparel due to the warm weather in Hong Kong. In addition, the economic slowdown in the PRC eroded consumer confidence which worsened by the depreciation of Renminbi; the shifting of pattern to online shopping further negatively impacted the Retail Business.

Under such an unfavorable ambience, the Group has adopted a prudent approach in restructuring its sales network aiming at minimising the operating costs amid meeting the shift of consumers' preference towards shopping online.

Money Lending Business

The Group obtained the money lender licence and commenced Money Lending Business from June 2016. During the year ended 31 March 2019, the Money Lending Business had generated interest income of approximately HK$2.4 million, representing a decrease of approximately 72.6% as compared to the last year.

Wholesaling Business

The Group has commenced its Wholesaling Business during the year ended 31 March 2019 and generated revenue of approximately HK$23.9 million. The products included seafood.

PROSPECTS

For the OEM Business, the management of the Group (the "Management") is committed to strengthening the customer base. The Group will continue to find new orders and customers. Also, with the implementation of the new operation model, the Management expects there will be a better control of costing.

For the Retail Business, the Management will closely monitor the consumers' behavior and will consider appropriate promotion plan to boost up the revenue. The Management is also monitoring the movement of the rental of retail outlets and will adjust the business plan for Retail Business if necessary.

For Money Lending Business, the Group will continue to expand it in a prudent and balanced risk management approach.

The Group has established new businesses, including (i) financial quotient and investment education business, which provides financial quotient and investment education courses for the customers, enhancing their knowledge in the areas of finance and investment, and the Group in return earns tuition fee income from them; and (ii) property investment business in the second quarter of 2019.

Certain courses were completed with inspiring achievements as at the date of this announcement. The Group will (i) invest resources to expand the share in the financial quotient and investment education market, and (ii) strive to broaden its customer base. The Group will cooperate with the stakeholders in the market when necessary, so as to diversify and expand its businesses.

The Group acquired a property in Japan in June 2019. The rental income and appreciation potential of which are expected to be promising. The Group is seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region.

Looking forward, the Group will continue to strive for the diversifications of the Group's existing business and broaden its income stream, in order to deliver long term benefits to the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK$57.9 million for the year ended 31 March 2018 to approximately HK$71.7 million for the year ended 31 March 2019, representing an increase of approximately 23.9%. During the year ended 31 March 2019, the Group stepped up the effort in securing new OEM customers and orders. The revenue of OEM Business slightly increased by approximately 1.2% to approximately HK$44.4 million for the year ended 31 March 2019 as compared to the year ended 31 March 2018. On the other hand, the revenue from the Retail Business decreased by approximately 80.1% to approximately HK$1.0 million for the year ended 31 March 2019 as compared to the year ended 31 March 2018. The Money Lending Business and new Wholesaling Business contributed revenue of approximately HK$2.4 million and HK$23.9 million respectively during the year ended 31 March 2019.

	Year ended 31 March			
	2019		2018	
	HK$'000	***%***	*HK$'000*	*%*
OEM Business	**44,404**	**61.9**	43,894	75.8
Retail Business	**1,041**	**1.5**	5,222	9.0
Money Lending Business	**2,399**	**3.3**	8,765	15.2
Wholesaling Business	**23,887**	**33.3**	—	—
	71,731	**100.0**	57,881	100.0

Cost of Sales

The majority of the Group's cost of sales was raw material costs. The Group's cost of sales increased by approximately 41.2% to approximately HK$62.0 million for the year ended 31 March 2019 as compared to the year ended 31 March 2018. The increase was mainly attributable to the newly Wholesaling Business introduced during the year ended 31 March 2019.

Expenses

Selling and administrative expenses for the year ended 31 March 2019 was approximately HK$33.4 million (2018: HK$24.9 million), representing an increase of approximately HK$8.5 million. The increase was consistent with the rise in revenue for the year ended 31 March 2019 as compared to the last year.

Loss for the year

The loss for the year ended 31 March 2019 was approximately HK$10.1 million. The loss for the year ended 31 March 2018 was approximately HK$271.2 million.

UPDATE ON THE USE OF PROCEEDS FROM THE PLACING OF SHARES COMPLETED ON 11 AUGUST 2016

References are made to the annual report for the year ended 31 March 2018, the announcements of the Company dated 21 July 2016, 4 August 2016, 11 August 2016 and 29 January 2018 respectively in relation to, among others, the placing of shares under general mandate together with the intended and actual use of proceeds. During the year ended 31 March 2019, the remaining proceeds of approximately HK$4 million was used as general working capital of the Group and the proceeds were fully utilised as its intended use at the end of the reporting period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares for the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code ("CG Code") under Appendix 15 of the GEM Listing Rules. For the year ended 31 March 2019, the Company has fully complied with all applicable provisions of the CG Code same for code provision A.2.1.

Under the code provision A.2.1 of the CG Code, the roles of the chairman ("Chairman") and the chief executive officer ("CEO") should be separate and should not be performed by the same individual.

During the year ended 31 March 2019, the roles and functions of the CEO have been performed by the then Chairman, Mr. Ng Ka Ho. The Board believed that vesting the roles of both Chairman and CEO in the same individual can provide the Company with strong and consistent leadership and allows for effective planning and implementation of business decisions and strategies.

On 7 May 2019, Mr. Ng Ka Ho resigned from his office as an executive Director, authorised representative and compliance officer of the Company and, the Chairman, a member of the nomination committee and remuneration committee of the Board; Mr. Ma Chi Ming resigned from his office as an independent non-executive Director and a member of the audit committee; and Ms. Guo Yan Xia was removed as an independent non-executive Director on 6 June 2019.

Following the resignation of Mr. Ma Chi Ming, the Company had two independent non-executive Directors and two audit committee members only, the number of which fell below the minimum number required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. On 6 June 2019, Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis were appointed as independent non-executive Directors and members of audit committee. Accordingly, the Board meets the minimum number of members' requirement under the GEM Listing Rules upon the date of their appointment.

The Board is also in the process of locating an appropriate person to fill the vacancy of the Chairman and CEO as soon as practicable. Even so, the Board considers that the existing Board members are able to share the power and responsibilities of Chairman and CEO among themselves.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the year ended 31 March 2019.

AUDIT COMMITTEE

The Company established the audit committee of the Board ("Audit Committee") on 25 September 2014 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review financial statements of the Company and judgments in respect of financial reporting; oversee internal control procedures of the Company; and review risk management and internal control system of the Group.

As at 31 March 2019, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Kin Ping (Chairman), Ms. Guo Yan Xia and Mr. Ma Chi Ming. On 7 May 2019, Mr. Ma Chi Ming resigned as a member of the Audit Committee.

On 6 June 2019, Ms. Guo Yan Xia was removed and Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis were appointed as independent non-executives Directors and members of the Audit Committee.

The Group's results for the year ended 31 March 2019 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board
L & A International Holdings Limited
Lau Chun Kavan
Executive Director

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises of two executive Directors, namely Mr. Lau Chun Kavan and Ms. Wang Tsz Yue and three independent non-executive Directors, namely, Mr. Li Kin Ping, Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at http://www.lna.com.hk.