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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 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.

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2019 (the "Interim Financial Statements") together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the three months ended 30 September		**For the six months ended 30 September**	
		2019	2018	**2019**	2018
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*5*	**11,793**	22,217	**43,572**	36,924
Cost of sales		**(10,212)**	(19,925)	**(38,095)**	(32,441)
Other income		**–**	208	**1**	539
Other gains and losses, net		**(1,626)**	8,623	**1,589**	5,287
Selling and distribution expenses		**(10)**	(1,303)	**(80)**	(1,720)
Administrative and other expenses		**(3,428)**	(8,239)	**(7,968)**	(13,560)
Finance costs		**(2)**	–	**(2)**	–
(Loss) Profit before taxation		**(3,485)**	1,581	**(983)**	(4,971)
Income tax credit (expense)	*6*	**144**	162	**(84)**	380
(Loss) Profit for the period		**(3,341)**	1,743	**(1,067)**	(4,591)

	NOTES	For the three months ended 30 September		For the six months ended 30 September	
		2019	2018	**2019**	2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Other comprehensive income (expense) for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**–**	111	**–**	(209)
Release of translation reserve upon disposal of subsidiaries		**–**	1,149	**–**	1,149
		–	1,260	**–**	940
Total comprehensive (expense) income for the period		**(3,341)**	3,003	**(1,067)**	(3,651)
Profit (Loss) for the period attributable to:					
Owners of the Company		**(3,137)**	2,196	**(1,185)**	(3,755)
Non-controlling interests		**(204)**	(453)	**118**	(836)
		(3,341)	1,743	**(1,067)**	(4,591)
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		**(3,137)**	2,100	**(1,185)**	(4,118)
Non-controlling interests		**(204)**	903	**118**	467
		(3,341)	3,003	**(1,067)**	(3,651)
(Loss) Earnings per share	*8*				
Basic and diluted *(HK cent)*		**(0.25)**	0.17	**(0.09)**	(0.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**1,186**	1,271
Investment property	*9*	**844**	–
Equity instrument at fair value through other comprehensive income		**14,000**	14,000
Rental deposits		**156**	156
Deferred tax assets		**1,567**	1,567
Loan receivables	*10*	**780**	780
		18,533	17,774
Current assets			
Financial assets at fair value through profit or loss		**9,150**	9,034
Inventories		**3,846**	6,487
Trade and other receivables	*11*	**17,161**	11,442
Loan receivables	*10*	**61,807**	63,145
Cash and cash equivalents		**6,817**	5,229
Tax recoverable		**174**	174
		98,955	95,511
Assets classified as disposal group held for sale		**–**	1,123
		98,955	96,634

	NOTES	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Current liabilities			
Trade payables	*12*	**61**	143
Contract liabilities		**135**	135
Other payables and accrued expenses		**13,358**	12,539
Tax payable		**1,170**	1,114
Provision for litigation		**1,735**	1,735
Borrowings		**3,980**	–
		20,439	15,666
Liabilities directly associated with assets classified as disposal group held for sale		**–**	294
		20,439	15,960
Net current assets		**78,516**	80,674
Total assets less current liabilities		**97,049**	98,448
Non-current liability			
Deferred tax liabilities		**122**	122
Net assets		**96,927**	98,326
CAPITAL AND RESERVES			
Share capital	*13*	**51,200**	51,200
Reserves		**45,792**	46,977
Equity attributable to owners of the Company		**96,992**	98,177
Non-controlling interests		**(65)**	149
Total equity		**96,927**	98,326

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the GEM of The Stock Exchange since 10 October 2014. 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 and sales of OEM garment products; retailing and wholesaling of garment products under the Group's own brand and high-end fashion brand; provision of loan services; wholesaling of seafood; provision of financial quotient and investment education courses and property investment.

2. BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants. It was authorised for issue on 30 August 2019.

The interim condensed financial information has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for investment property listed below and the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 4.

The preparation of an interim condensed financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim condensed financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards.

The financial information relating to the financial year ended 31 March 2019 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis over the estimated useful lives.

Any gains of losses from the retirement or disposal of an investment property are recognised in the profit of loss. Rental income from investment properties is accounted for as described below.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its carrying amount at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "property, plant and equipment" up to the date of change in use.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 March 2019 (the "2019 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year beginning on or after 1 April 2019. The effect of adoption of the new and revised HKFRSs on how the results and financial position for the current or prior accounting periods have been prepared or presented are set out in Note 4. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2019 Annual Report.

The Interim Financial Statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

4. APPLICATION OF NEW AND REVISED HKFRSs

Except as described below, the accounting policies applied are consistent with those of the 2019 Annual Report.

HKFRS 16 Leases

The Group previously classified leases into finance leases and operating leases and accounted for the lease arrangements differently, depending on the classification of the lease.

HKFRS 16 has no significant impact on the way that lessors account for their rights and obligations under a lease. However, after HKFRS 16 is adopted, lessees no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees account for all leases in a similar way to previous finance lease accounting, that is, at the commencement date of the lease the lessee recognises and measures a lease liability at the present value of the minimum future lease payments and recognises a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses continue to be recognised on a systematic basis over the lease term.

The Group enters into some leases as the lessee. HKFRS 16 primarily affects the Group's accounting as a lessee of leases for properties, plant and equipment which are originally classified as operating leases. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the Group has elected the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group therefore applies the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group has also elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

As at 1 April 2019, the Group has non-cancellable operating lease commitments of HK$674,000, the lease terms of which are within 12 months or/and the leases of which are low-value assets. In such cases, the leases are accounted for as short term leases and the lease payments associated with the leases are recognised as expenses from short term leases.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced assessment on the impact of these new HKFRSs but is not yet in a position to conclude whether these new HKFRSs will have a material impact on its results of operation and financial position.

5. REVENUE AND SEGMENT INFORMATION

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) ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following 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 Business: provision of loan services;

(iv) Wholesaling Business: wholesaling of seafood;

(v) Financial Quotient and Investment Education Business: provision of financial quotient and investment education courses for the customers; and

(vi) Property Investment Business: investing properties in Asia Pacific region.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive Directors monitor the results 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, certain corporate expenses and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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 six months ended 30 September 2019 and 2018 is set out below:

	Six months ended 30 September 2019					
	OEM Business *HK$'000* (Unaudited)	**Retail Business** *HK$'000* (Unaudited)	**Money Lending Business** *HK$'000* (Unaudited)	**Wholesaling Business** *HK$'000* (Unaudited)	**Financial Quotient and Investment Education Business** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Reportable segment revenue:						
Disaggregated by timing of revenue recognition						
Goods transferred at a point in time	15,005	4,665	–	21,598	–	41,268
Services transferred over time	–	–	–	–	829	829
Revenue from other resources	–	–	1,475	–	–	1,475
Revenue from external customers	15,005	4,665	1,475	21,598	829	43,572
Reportable segment profit	448	104	1,005	478	474	2,509
Fair value change on financial assets at fair value through profit or loss, net						1,700
Loss on disposal of financial assets at fair value through profit or loss, net						(252)
Gain on disposal of subsidiaries						141
Other income						1
Finance cost						(2)
Corporate expenses						(5,080)
Loss before taxation						(983)

	Six months ended 30 September 2018				
	OEM Business *HK$'000* (Unaudited)	Retail Business *HK$'000* (Unaudited)	Money Lending Business *HK$'000* (Unaudited)	Wholesaling business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Reportable segment revenue:					
Disaggregated by timing of revenue recognition					
Goods transferred at a point in time	26,549	793	–	8,439	35,781
Revenue from other resources	–	–	1,143	–	1,143
Revenue from external customers	26,549	793	1,143	8,439	36,924
Reportable segment profit (loss)	2,645	484	1,143	211	4,483
Fair value change on financial assets at fair value through profit or loss, net					1,316
Gain on disposal of subsidiaries					8,247
Other income/gains and losses, net					(3,737)
Corporate expenses					(15,280)
Loss before taxation					(4,971)

There was no inter-segment revenue for the six months ended 30 September 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:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Garment products	**19,670**	27,342
Seafood	**21,598**	8,439
Interest income from loan receivables	**1,475**	1,143
Tuition fee from financial quotient and education courses	**829**	–
	43,572	36,924

(c) Geographical information

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	**43,572**	35,310
USA	**–**	726
Others	**–**	888
	43,572	36,924

6. INCOME TAX (CREDIT) EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hong Kong Profits Tax *(Note (i))*				
– current period	**(144)**	56	**84**	56
People's Republic of China ("PRC") Enterprise Income Tax ("EIT") *(Note (ii))* – current period	**–**	–	**–**	–
	(144)	56	**84**	56
Deferred tax	**–**	(218)	**–**	(436)
	(144)	(162)	**84**	(380)

Notes:

(i) Hong Kong

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 gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2018, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. For the six months ended 30 September 2017, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

(ii) PRC

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant income tax rules and regulations in the PRC.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

8. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
(Loss) Earnings				
(Loss) Earnings for the purposes of basic and diluted (loss) earnings per share, being (loss) profit for the period attributable to the owners of the Company	**(3,137)**	2,196	**(1,185)**	(3,755)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**1,280,000,000**	1,280,000,000	**1,280,000,000**	1,280,000,000

Diluted (loss) earnings per share for the three months and six months ended 30 September 2019 were the same as the basic (loss) earnings per share as the Company had no diluted potential ordinary shares outstanding during both periods.

9. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTY

During the six months ended 30 September 2019, additions of property, plant and equipment amounted to approximately HK$106,000 (additions for the year ended 31 March 2019: approximately HK$1,506,000).

During the six months ended 30 September 2019, additions of investment property amounted to approximately HK$844,000 (additions for the year ended 31 March 2019: Nil).

10. LOAN RECEIVABLES

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Fixed-rate loan receivables analysed for reporting purpose as:		
Non-current asset	**780**	780
Current asset	**61,807**	63,145
	62,587	63,925

The ranges of effective interest rates on the Group's loan receivables are as follows:

	At 30 September 2019	At 31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Effective interest rate:		
Fixed-rate loan receivables	**5% to 18% p.a.**	5% to 18% p.a.

The Group holds collaterals for certain loan receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sales of collaterals. Interest rates are offered based on the assessment of a number of factors including the borrowers' credit worthiness and repayment abilities, collaterals as well as the general economic trends.

11. TRADE RECEIVABLES

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Trade receivables, net of allowance for doubtful debts	**11,009**	7,277

The Group allows credit period ranging from 30 days to 60 days to customers from OEM business. For the retail business and the wholesaling business, the revenue comprises of cash sales, credit card sales and concessionaire sales through various sales channels. The credit period granted to customers, banks and department stores ranges from 7 days to 60 days.

The ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date or the monthly statement received from department stores which approximates the respective revenue recognition dates, at the end of the reporting period is:

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Within 30 days	**2,242**	5,552
31 to 60 days	**1,505**	1,635
61 to 90 days	**1,975**	–
Over 90 days	**5,287**	90
	11,009	7,277

The Group does not hold any collateral over its trade receivables.

Included in the Group's trade receivables balance were receivables of approximately HK$5,287,000 (31 March 2019: HK$90,000) that were past due as at 30 September 2019 for which the Group has not provided for impairment loss because there is no recent history of defaults.

12. TRADE PAYABLES

The ageing analysis of the trade creditors presented based on the invoice date at the end of each reporting period is as follows:

	At 30 September 2019	At 31 March 2019
	HK\$'000	*HK\$'000*
	(unaudited)	(audited)
Within 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**61**	143
	61	143

Payment terms granted by suppliers are generally within 60 days after the end of the months in which the relevant purchases are made.

13. SHARE CAPITAL

	Notes	**Number of shares**	**Amount** *HK\$'000*
Authorised:			
– At 31 March 2019 and 30 September 2019, ordinary shares of HK\$0.04 each		12,500,000,000	500,000
Issued and fully paid:			
– At 31 March 2019 and 30 September 2019, ordinary shares of HK\$0.04 each		1,280,000,000	51,200

14. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 September 2014 for the primary purpose of providing incentives or rewards to eligible participants, and will expire on 10 October 2024. Under the Scheme, the Board may grant options to:

(a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "Invested Entity") in which the Company holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(f) any shareholders of the Company, any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 as consideration. Options may be exercised at any time from the date of grant of the share options. The exercise price is determined by the Directors, and will not be less than the highest of (i) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option (which must be a business day); (ii) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day); and (iii) nominal value of the Company's share.

At 30 September 2019, no options had been granted and remained outstanding under the Scheme (31 March 2019: Nil).

15. LITIGATION

(a) During the year ended 31 March 2019, the Group received a writ of summons in relation to a repudiatory breach of a tenancy agreement between the plaintiff, an independent third party landlord, and Sino Shine Retailing Limited ("Sino Shine"), a subsidiary of the Group, entered into on 27 October 2016, which the plaintiff is claiming Sino Shine for, inter alia, damages in the sum of approximately HK$1,735,000 plus interest. As the Directors consider that it is probable that an outflow of economic benefits will be required to settle the obligation, a provision of approximately HK$1,735,000 was recognised during the year ended 31 March 2019.

(b) During the year ended 31 March 2019, a petition (the "Petition") had been filed to the court by two shareholders of the Company, who are holding over 3% of the Company's issued shares. The petitioners pray (i) that the Company be wound up pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); (ii) that the court make such other orders as are deemed to be just and equitable; and (iii) that provision be made for petitioners' costs. The substantive hearing of the Petition has been fixed for 10 February 2020 at 10:00 a.m. with three days reserved.

The Company made application for validation by way of summons filed on 18 July 2019 ("Summons for Validation Order"). The hearing of the Summons for Validation Order was heard on 26 July 2019. Details of the Petition and Summons for Validation Order were set out in the Company's announcements dated 11 March 2019, 12 March 2019, 8 May 2019, 20 May 2019, 22 July 2019 and 29 July 2019.

16. EVENTS AFTER THE REPORTING PERIOD

On 8 October 2019, Able Glorious Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 30% of the issued share capital of the Target Group, at the Consideration of HK$15,400,000, which has been fully satisfied in cash upon Completion.

The Target Group engage in, develop and expand the business of provision of financial quotient and investment experience-sharing seminars in Hong Kong.

Details of the transaction are set out in the Company's announcement dated 8 October 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally derives its revenue from the following business arms: (i) OEM business segment, which entails product design and development, raw materials sourcing and procurement, manufacturing and product quality control management (the "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 the retail network in Hong Kong under the Group's own brand and high-end fashion brand (the "Retail Business"); (iii) money lending business segment, which provides financing to customers for interest income ("Money Lending Business"); (iv) wholesaling business segment, which covers the wholesaling and distribution of seafood ("Wholesaling Business"); (v) financial quotient and investment education business segment, which provides financial quotient and investment education courses for the customers in return of tuition fees from them ("Financial Quotient and Investment Education Business"); and (vi) property investment business ("Property Investment Business").

OEM Business

The garment sector of the consumer market has experienced a downturn in recent years. Nonetheless, the Group had stepped up the efforts in securing new customers and orders, controlling our expenses and looking for ways to improve the business. During the six months ended 30 September 2019, the Group continued the operation model by placing orders with other OEM manufacturers, while maintaining the quality control standard, which attributed to the substantial reduction in the cost of operation.

Retail Business

During the six months ended 30 September 2019, the Retail Business had generated revenue of approximately HK$4,665,000 (2018: HK$793,000), representing a substantial increase of approximately 488%. This was mainly due to the one-off and bulky sales of its aged and slow-moving inventories by the Retail Business.

Money Lending Business

The Group obtained the money lender licence and commenced Money Lending Business since June 2016. During the six months ended 30 September 2019, the Money Lending Business had generated interest income of approximately HK$1.5 million, representing a increase of approximately 29.0% compared to the last period.

Wholesaling Business

The Wholesaling Business commenced operation during the year ended 31 March 2019 and generated revenue of approximately HK$21.6 million for the six months ended 30 September 2019. The products are mainly seafood.

Financial Quotient and Investment Education Business

During the six months ended 30 September 2019, the Group established the Financial Quotient and Investment Education Business. The Group provides financial quotient and investment education courses for the customers, aiming at enhancing their knowledge in the areas of finance and investment. The Group in return earns tuition fee income from the provision of courses. Certain courses were completed with inspiring achievements and revenue of approximately HK$0.8 million was generated during the six months ended 30 September 2019.

Property Investment Business

The Group also established the Property Investment Business during the six months ended 30 September 2019. The Group acquired a property in Japan in June 2019. The appreciation potential of the property acquired is expected to be promising.

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 this OEM operation model, the Management expects that there will be a better control of costing. For the Retail Business, the Management will closely monitor the consumers' behaviour and will continue the promotion campaigns. The Management is also closely monitoring the movement of rental for the retail outlets and will adjust the business plan for the Retail Business if necessary. Despite the uncertainties, the Management still remains positive towards the Retail Business in the long run. For Money Lending Business, the Group will continue to expand in a prudent and balanced risk management approach.

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 is also seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region.

The Group will cooperate with the stakeholders in the market when necessary, so as to diversify and expand its businesses.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK$36.9 million for the six months ended 30 September 2018 to approximately HK$43.6 million for the six months ended 30 September 2019, representing an increase of approximately 18.0%. Revenue from the OEM Business decreased to approximately HK$15.0 million for the six months ended 30 September 2019. On the other hand, revenue from the Retail Business increased to approximately HK$4.7 million for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018.

For the Money Lending Business, it has generated interest income of approximately HK$1.5 million for the six months ended 30 September 2019.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the six months ended 30 September 2018 and 30 September 2019.

	Six months ended 30 September			
	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**15,005**	**34.4**	26,549	71.9
Retail Business	**4,665**	**10.7**	793	2.1
Money Lending Business	**1,475**	**3.4**	1,143	3.1
Wholesaling Business	**21,598**	**49.6**	8,439	22.9
Financial Quotient and Investment Education Business	**829**	**1.9**	–	–
	43,572	**100.0**	36,924	100.0

Cost of sales

The Group's cost of sales increased by 17.4% to approximately HK$38.1 million for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018. The increase was mainly attributable to the new Wholesaling Business during the six months ended 30 September 2019.

Expenses

Selling and administrative expenses for the six months ended 30 September 2019 was approximately HK$8.0 million (2018: HK$15.3 million), representing a decrease of approximately HK$7.3 million.

Loss for the period

The loss for the six months ended 30 September 2019 was approximately HK$1.1 million. The loss for the six months ended 30 September 2018 was approximately HK$4.6 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$51,200,000 and HK$45,792,000 respectively (31 March 2019: approximately HK$51,200,000 and HK$46,977,000 respectively).

As at 30 September 2019, the Group had approximately HK$6.8 million in bank balances and cash (31 March 2019: approximately HK$5.2 million).

As at 30 September 2019, the Group's total borrowings were approximately HK$4.0 million (31 March 2019: nil). The gearing ratio was approximately 4.1% at 30 September 2019 (31 March 2019: nil).

Note:

Gearing ratio is calculated as the total debt (borrowings) divided by total equity.

Capital Expenditure and Commitments

Details of capital expenditure are set out in Note 14 to the Interim Financial Statements. Save as disclosed in the Interim Financial Statements, the Group did not have any significant capital commitments as at 30 September 2019.

Financial Assets at Fair Value Through Profit or Loss

Name of investments	*Notes*	% to the total assets of the Group as at 1 April 2019	% of interest of the respective investments as at 1 April 2019	Fair value as at 1 April 2019 *HK$'000* (Audited)	Movement during the six months ended 30 September 2019: Addition/ (disposal), net *HK$'000* (Unaudited)	Movement during the six months ended 30 September 2019: Change on fair value, net *HK$'000* (Unaudited)	Fair value as at 30 September 2019 *HK$'000* (Unaudited)	% to the total assets of the Group as at 30 September 2019	% of interest of the respective investments as at 30 September 2019	Loss on disposal/ redemption for the year ended 30 September 2019 (Unaudited)
Equity securities listed in Hong Kong										
Food Idea Holdings Limited (8179)	*(a)*	0.81%	0.57%	926	(926)	–	–	N/A	N/A	(97)
Cool Link (Holdings) Limited (8491)	*(b)*	6.51%	0.83%	7,450	–	1,700	9,150	7.79%	0.83%	–
My Heart Bodibra Group Limited (8297)	*(c)*	0.58%	0.97%	658	(658)	–	–	N/A	N/A	(155)
Total				9,034	(1,584)	1,700	9,150			(252)

Notes:

(a) Food Idea Holdings Limited ("Food Idea") and its subsidiaries ("Food Idea Group") were mainly: (i) catering services; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investment in securities; (iv) money lending business; and (v) wine trading. According to the latest annual report of Food Idea for the year ended 31 December 2018, Food Idea Group recorded revenue and net loss of approximately HK$184.83 million and HK$100.34 million respectively.

In view of the volatile market conditions and the trend of the share price of Food Idea, the Management disposed of all shares of Food Idea and recorded a realised loss of approximately HK$0.10 million during the six months ended 30 September 2019.

(b) This investment represented 5,000,000 shares, which was approximately 0.83% of the total issued shares of Cool Link (Holdings) Limited ("Cool Link") as at 30 September 2019. Cool Link and its subsidiaries ("Cool Link Group") are principally engaged in food supplies business.

The Group recorded an unrealised fair value gain of approximately HK$1.70 million for the investment in the shares of Cool Link. According to Cool Link's annual report for the year ended 31 December 2018, Cook Link Group recorded revenue and net loss of approximately Singapore Dollar ("S$") 25.41 million and S$0.40 million respectively.

As disclosed in Cool Link's latest annual report, the listing of shares is a platform for the Cool Link Group to meet and achieve its business opportunities and strategies which will further strengthen its market position in the supply of food products industry. The Management would also continue to monitor the performance and share price of Cool Link.

(c) My Heart Bodibra Group Limited ("My Heart Bodibra") and its subsidiaries ("My Heart Bodibra Group") were mainly engaged in the designing, manufacturing and sales of core lingerie products under the core brand of "Bodibra" and sub-brands, namely "June", "ooobiki", "Bodicare" and "invisi". According to the latest annual report of My Heart Bodibra for the year ended 31 March 2019, My Heart Bodibra Group recorded revenue and net loss of approximately HK$72.86 million and HK$24.4 million respectively.

In view of the volatile market conditions and the trend of the share price of My Heart Bodibra, the Management disposed of all shares of My Heart Bodibra and recorded a realised loss of approximately HK$0.16 million during the six months ended 30 September 2019.

Significant investments, acquisitions and disposals, and Plans for Material Investment or Capital Assets

During the six months ended 30 September 2019, the Group has disposed of three inactive subsidiaries and a gain of approximately HK$0.14 million was generated. Save as these disposals and as disclosed elsewhere in the Interim Financial Statements, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2019.

Save as disclosed in the Interim Financial Statements, there was no future plan for material investments or capital assets as at 30 September 2019.

Contingent Liabilities

Save as disclosed in the Interim Financial Statements, the Group had no material contingent liabilities as at 30 September 2019.

Foreign Exchange Risk

The Group settles the cost of production in Renminbi ("RMB") and Hong Kong dollars ("HK$") and most of the sales of the Group are settled in HK$. Therefore, the Group is exposed to foreign exchange risk of RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

Employees and Remuneration Policies

As at 30 September 2019, the Group had approximately 30 employees. The Group's staff cost for the six months ended 30 September 2019 amounted to approximately HK$4.0 million. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of good relationship with its employees. The remuneration payable to its employees includes salaries and allowance.

In Hong Kong, the Group's employees have participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). In the PRC, the Group's employees have participated in various security insurance including social insurance prescribed by the Social Insurance Law of PRC（《中華人民共和國社會保險法》）, and housing provident fund prescribed by the Regulations on Management of Housing Provident Fund（《住房公積金管理條例》）.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2019, none of the Directors and chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2019, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under 336 of the SFO:

Long position in shares and underlying shares of the Company

Name of shareholder	Capacity/ nature of interests	Number of shares	Percentage of the Company's issued share capital as at 30 September 2019
Lau Lan Ying *(Note)*	Interest in a controlled corporation	322,314,800	25.18%
Wong Kwan Mo *(Note)*	Interest in a controlled corporation	322,314,800	25.18%
Strong Light Investments Limited *(Note)*	Beneficial owner	299,694,000	23.41%
Ge Qingfu	Beneficial owner	128,226,200	10.02%
Flying mortgage Limited	Beneficial owner	71,480,000	5.58%

Note:

299,694,000 shares are owned by Strong Light Investments Limited, Strong Light Investments Limited is a company incorporated in Hong Kong. The entire issued share capital of Strong Light Investments Limited is owned as to 50% by Lau Lan Ying and 50% by Wong Kwan Mo. Lau Lan Ying is the spouse of Wong Kwan Mo.

Save as disclosed above, as at 30 September 2019, the Company has not been notified by any person (other than the Directors or the chief executives as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares or debentures of the Company and its associated corporations" above) who had, or was deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Details of the share option scheme are set out in Note 20 to the Interim Financial Statements.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the six months ended 30 September 2019 and up to the date of this announcement, save for the deviation from code provision A.2.1 of the Code which explained below, the Company has applied the principles and complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

Following the resignation of Mr. Ng Ka Ho on 7 May 2019, the Board is 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.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group adopted the required standards 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 in securities of the Company.

Upon the Group's specific enquiry, each Director confirmed that he/she had fully complied with the required standard of dealings and there was no event of non-compliance during the six months ended 30 September 2019 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2019.

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

References are made to the 2018 Annual Report, 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 six months ended 30 September 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors confirm that none of the Directors and their respective close associates (as defined in the GEM Listing Rules) had an interest in any business which competed or was likely to compete, either directly or indirectly with the Group's business during the six months ended 30 September 2018.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the six months ended 30 September 2019 and up to the date of this interim report is set out below:

(i) Mr. Lau Chun Kavan was appointed as a member of Nomination Committee and Remuneration Committee, Authorised Representative and Compliance Officer in place of Mr. Ng Ka Ho on 7 May 2019;

(ii) Mr. Ng Ka Ho resigned from his office as an executive Director, Authorised Representative, Compliance Officer, the Chairman of the Board, a member of the Nomination Committee and Remuneration Committee on 7 May 2019;

(iii) Mr. Ma Chi Ming resigned from his office as an independent non-executive Director and a member of the Audit Committee on 7 May 2019;

(iv) Ms. Guo Yan Xia was removed as an independent non-executive Director at the extraordinary meeting on 6 June 2019;

(v) Mr. Chan Kim Fai Eddie was appointed as an independent non-executive Director and a member of the Audit Committee on 6 June 2019;

(vi) Mr. Ng Chi Ho Dennis was appointed as an independent non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee on 6 June 2019; and

(vii) Mr. Yuen Yu Sum was appointed as an executive Director on 24 October 2019.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited ("CCIC") as the compliance adviser. CCIC has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. None of CCIC or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2019.

AUDIT COMMITTEE

The Company has established the audit committee (the “Audit Committee”) with terms in compliance with the Code as set out in Appendix 15 to the GEM Listing Rules. The duties of the Audit Committee are to primary review financial statements of the Group and oversee internal control procedures and risk management of the Group.

The Audit Committee consists of 3 independent non-executive Directors, namely Mr. Li Kin Ping, Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis. Mr. Li Kin Ping is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Interim Financial Statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the GEM and the Company (www.lna.com.hk). The interim report of the Company for the six months ended 30 September 2019 containing all the information required by the GEM Listing Rules will be dispatched to the Company’s shareholders and published on the above websites.

By order of the Board
L & A INTERNATIONAL HOLDINGS LIMITED
Wang Tsz Yue
Executive Director

Hong Kong, 14 November 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Lau Chun Kavan, Ms. Wang Tsz Yue and Mr. Yuen Yu Sum 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.