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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 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 midsized 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 (the "Board") of Directors 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 nine months ended 31 December 2019 (the "Third Quarterly 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 and nine months ended 31 December 2019

		Three months ended 31 December		Nine months ended 31 December	
		2019	2018	**2019**	2018
	NOTES	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*3*	**14,436**	16,191	**58,008**	53,115
Cost of sales		**(13,167)**	(13,167)	**(51,262)**	(45,608)
Other income		**–**	28	**1**	567
Other gains and losses, net	*4*	**(400)**	1,502	**1,189**	6,789
Selling and distribution expenses		**(21)**	(2,263)	**(101)**	(3,983)
Administrative expenses		**(5,786)**	(5,525)	**(13,754)**	(19,085)
Share of result of an associate		**647**	–	**647**	–
Finance costs	*5*	**(49)**	–	**(51)**	–
Loss before taxation		**(4,340)**	(3,234)	**(5,323)**	(8,205)
Income tax credit (expense)	*6*	**84**	1	**–**	381
Loss for the period	*7*	**(4,256)**	(3,233)	**(5,323)**	(7,824)

	NOTES	Three months ended 31 December 2019 HK$'000 (unaudited)	Three months ended 31 December 2018 HK$'000 (unaudited)	Nine months ended 31 December 2019 HK$'000 (unaudited)	Nine months ended 31 December 2018 HK$'000 (unaudited)
Other comprehensive (expense) income for the period:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**–**	–	**–**	(209)
Release of translation reserve upon disposal of subsidiaries		**–**	–	**–**	1,149
Total comprehensive expense for the period		**(4,256)**	(3,233)	**(5,323)**	(6,884)
Loss for the period attributable to:					
Owners of the Company		**(3,660)**	(3,492)	**(4,845)**	(7,247)
Non-controlling interests		**(596)**	259	**(478)**	(577)
		(4,256)	(3,233)	**(5,323)**	(7,824)
Total comprehensive expenses for the period attributable to:					
Owners of the Company		**(3,660)**	(3,492)	**(4,845)**	(7,610)
Non-controlling interests		**(596)**	259	**(478)**	726
		(4,256)	(3,233)	**(5,323)**	(6,884)
Loss per share	*9*				
Basic and diluted *(HK cents)*		**(0.29)**	(0.27)	**(0.38)**	(0.57)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company									
	Share capital	Share premium	Investment revaluation reserve	Translation reserve	Special reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Note (i))	*(Note (ii))*				
At 31 March 2018 (audited)	51,200	618,133	–	1,169	28,431	4,327	(565,438)	137,822	(630)	137,192
Transition adjustments on the initial application of HKFRS 9 *(Note 4)*	–	–	5,688	–	–	–	–	5,688	–	5,688
Adjusted as at 1 April 2018	51,200	618,133	5,688	1,169	28,431	4,327	(565,438)	143,510	(630)	142,880
Loss for the period	–	–	–	–	–	–	(7,247)	(7,247)	(577)	(7,824)
Exchange differences on the translation of foreign operations	–	–	–	(303)	–	–	–	(303)	94	(209)
Release of translation reserve upon disposal of subsidiaries	–	–	–	(60)	–	–	–	(60)	1,209	1,149
Total comprehensive (expense) income for the period	–	–	–	(363)	–	–	(7,247)	(7,610)	726	(6,884)
At 31 December 2018 (unaudited)	51,200	618,133	5,688	806	28,431	4,327	(572,685)	135,900	96	135,996

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company									
	Share capital	Share premium	Investment revaluation reserve	Translation reserve	Special reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note (i))*	*HK$'000* *(Note (ii))*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2019 (audited)	**51,200**	**618,133**	**(7,924)**	**–**	**28,431**	**4,327**	**(595,990)**	**98,177**	**149**	**98,326**
Loss for the period	–	–	–	–	–	–	(4,845)	(4,845)	(478)	(5,323)
Exchange differences on the translation of foreign operations	–	–	–	–	–	–	–	–	–	–
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(4,845)	(4,845)	(478)	(5,323)
Disposal of non-wholly-owned subsidiaries	–	–	–	–	–	–	–	–	(332)	(332)
At 31 December 2019 (unaudited)	**51,200**	**618,133**	**(7,924)**	**–**	**28,431**	**4,327**	**(600,835)**	**93,323**	**(661)**	**92,671**

Notes:

(i) Special reserve represented the difference between the nominal amount of the share capital and share premium issued by L & A Interholdings Inc. and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation.

(ii) Other reserve arose from the waiver of loan from a shareholder of the Company in previous years.

NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on 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 Third Quarterly Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for certain equity investments and securities and investment properties that are measured at fair values. The Third Quarterly Financial Statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Group.

The Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report for the year ended 31 March 2019 (the "2019 Annual Report").

The accounting policies and methods of computation used in the preparation of the Third Quarterly Financial Statements are consistent with those adopted in the 2019 Annual Report, except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning on or after 1 April 2019. Except as described below, the adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

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.

3. SEGMENT REPORTING AND REVENUE

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 pretax 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 nine months ended 31 December 2019 and 2018 is set out below:

	Nine months ended 31 December 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	**26,615**	**5,250**	**–**	**23,188**	**–**	**55,053**
Services transferred over time	**–**	**–**	**–**	**–**	**958**	**958**
Revenue from other resources	**–**	**–**	**1,997**	**–**	**–**	**1,997**
Revenue from external customers	**26,615**	**5,250**	**1,997**	**23,188**	**958**	**58,008**
Reportable segment profit (loss)	**876**	**267**	**1,372**	**(1,593)**	**331**	**1,253**
Fair value change on financial assets at fair value through profit or loss, net						**1,300**
Loss on disposal of financial assets at fair value through profit or loss, net						**(252)**
Gain on disposal of subsidiaries						**141**
Finance costs						**(51)**
Share of result of an associate						**647**
Other income						**1**
Corporate expenses						**(8,362)**
Loss before taxation						**(5,323)**

	Nine months ended 31 December 2018				
	OEM Business	Retail Business	Money Lending Business	Wholesaling Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue:					
Disaggregated by timing of revenue recognition					
Goods transferred at a point in time	34,561	983	–	15,921	51,465
Revenue from other resources	–	–	1,650	–	1,650
Revenue from external customers	34,561	983	1,650	15,921	53,115
Reportable segment (loss) profit	(2,330)	(2,073)	657	(900)	(4,646)
Fair value change on financial assets at fair value through profit or loss, net					2,818
Loss on disposal of financial assets at fair value through profit or loss, net					(4,276)
Gain on disposal of subsidiaries					8,247
Other income					567
Corporate expenses					(10,915)
Loss before taxation					(8,205)

There was no inter-segment revenue for the nine months ended 31 December 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:

	Nine months ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Garment products	**31,865**	45,232
Seafood	**23,188**	6,233
Interest income from loan receivables	**1,997**	1,650
Tuition fee from financial quotient and education courses	**958**	–
	58,008	53,115

(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.

	Nine months ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	**58,008**	51,501
USA	**–**	726
Others	**–**	888
	58,008	53,115

4. OTHER GAINS AND LOSSES, NET

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Gain on disposal of subsidiaries	**–**	–	**141**	8,247
Fair value change on financial assets through profit or loss	**(400)**	1,502	**1,300**	2,818
(Loss) gain on disposal of financial assets at fair value through profit or loss, net	**–**	–	**(252)**	(4,276)
	(400)	1,502	**1,189**	6,789

5. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on:				
Other borrowings	**49**	–	**51**	–
	49	–	**51**	–

6. INCOME TAX (CREDIT) EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Hong Kong Profits Tax *(Note (i))*				
– current period	**(84)**	–	**–**	56
People's Republic of China ("PRC") Enterprise Income Tax ("EIT") *(Note (ii))*				
– current period	**–**	–	**–**	–
	(84)	–	**–**	56
Deferred tax	**–**	(1)	**–**	(437)
	(84)	(1)	**–**	(381)

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 gazetted 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 nine months ended 31 December 2019, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. For the nine months ended 31 December 2018, 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. LOSS FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss for the period has been arrived at after charging:				
Directors' remuneration:				
– Fees	**323**	236	**792**	684
– Other emoluments, salaries and other benefits	**60**	85	**230**	249
– Retirement benefit scheme contributions	**3**	7	**11**	21
	386	328	**1,033**	954
Other staff salaries and allowances	**1,859**	1,948	**5,137**	4,567
Retirement benefit scheme contributions, excluding those of Directors	**45**	72	**138**	140
Total employee benefits expenses	**2,290**	2,348	**6,308**	5,661
Cost of inventories recognised as an expense	**12,916**	13,153	**50,470**	45,425
Depreciation of an investment property	**–**	–	**–**	278
Depreciation of property, plant and equipment	**92**	144	**276**	267
Amortisation of intangible assets	**–**	11	**–**	1,760

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2019 (2018: Nil).

9. LOSS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss				
Loss for the purposes of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	**(3,660)**	(3,492)	**(4,845)**	(7,247)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,280,000,000**	1,280,000,000	**1,280,000,000**	1,280,000,000

Diluted loss per share for the three months and nine months ended 31 December 2019 and 2018 were the same as the basic loss per share as the Company had no diluted potential ordinary shares outstanding during the periods.

10. 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. In view of public health consideration, the substantive hearing of the Petition scheduled for 10 February 2020 at 10:00 a.m. has been adjourned to a date to be fixed.

The Company made application for validation by way of summons filed on 18 July 2019 ("Summons for Validation Order"). The Validation Order was granted on 26 October 2019. Details of the Petition and the 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, 29 July 2019, 26 November 2019 and 23 January 2020.

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 nine months ended 31 December 2019, the Group continued implement the operation model for 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 nine months ended 31 December 2019, the Retail Business generated revenue of approximately HK$5,250,000 (2018: HK$983,000), representing a substantial increase of approximately 434%. This was mainly due to the once-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 nine months ended 31 December 2019, the Money Lending Business had generated interest income of approximately HK$2.0 million, representing a increase of approximately 21.0% 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$23.2 million for the nine months ended 31 December 2019. The products are mainly seafood.

Financial Quotient and Investment Education Business

During the nine months ended 31 December 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$1.0 million was generated during the nine months ended 31 December 2019.

Property Investment Business

The Group also established the Property Investment Business during the nine months ended 31 December 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. Because of the outbreak of coronavirus in Hong Kong, the Management expects there will be an adverse impact to the Group in coming months. However, our Management will actively keep monitoring the performance of the Group and assessing how the impact to the Group, and will implement fitting strategy in a timely manner. 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 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$53.1 million for the nine months ended 31 December 2018 to approximately HK$58.0 million for the nine months ended 31 December 2019, representing an increase of approximately 9.2%. Revenue from the OEM Business decreased to approximately HK$26.6 million for the nine months ended 31 December 2019. On the other hand, revenue from the Retail Business increased to approximately HK$5.3 million for the nine months ended 31 December 2019 as compared to the nine months ended 31 December 2018.

For the Money Lending Business, it has generated interest income of approximately HK$2.0 million for the nine months ended 31 December 2019.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the nine months ended 31 December 2018 and 31 December 2019.

	Nine months ended 31 December			
	2019		2018	
	HK$'000	***%***	*HK$'000*	*%*
OEM Business	**26,615**	**45.9**	34,561	65.1
Retail Business	**5,250**	**9.1**	983	1.9
Money Lending Business	**1,997**	**3.4**	1,650	3.1
Wholesaling Business	**23,188**	**39.9**	15,921	29.9
Financial Quotient and Investment Education Business	**958**	**1.7**	–	–
	58,008	**100.0**	53,115	100.0

Cost of sales

The Group's cost of sales increased by 12.4% to approximately HK$51.3 million for the nine months ended 31 December 2019 as compared to the nine months ended 31 December 2018. The increase was mainly attributable to the new Wholesaling Business during the nine months ended 31 December 2019.

Expenses

Selling and administrative expenses for the nine months ended 31 December 2019 was approximately HK$13.9 million (2018: HK$23.1 million), representing a decrease of approximately HK$9.2 million.

Loss for the period

The loss for the nine months ended 31 December 2019 was approximately HK$5.3 million. The loss for the nine months ended 31 December 2018 was approximately HK$7.8 million.

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

During the nine months ended 31 December 2019, the Group has disposed of three inactive subsidiaries and a gain of approximately HK$0.14 million was generated. On 8 October 2019, Able Glorious Limited (the "Purchaser"), a direct whollyowned 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 Prestige Concord Limited (the "Target Group"), at the Consideration of HK$15,400,000, which has been fully satisfied in cash upon Completion. The Target Group was engaged in the development of the business in provision of financial quotient and investment experience-sharing seminars in Hong Kong. Details of the transaction were set out in the Company's announcement dated 8 October 2019.

Save for the above as these acquisitions and disposal and as disclosed elsewhere in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 31 December 2019.

Save as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 December 2019.

Employees and Remuneration Policies

As at 31 December 2019, the Group had approximately 30 employees. The Group's staff cost for the nine months ended 31 December 2019 amounted to approximately HK$6.3 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 31 December 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 31 December 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 31 December 2019
Lau Lan Ying *(Note)*	Interest in controlled corporations	322,314,800	25.18%
Wong Kwan Mo *(Note)*	Interest in controlled corporations	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	70,512,000	5.51%

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 31 December 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 or any associated corporation" 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.

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 nine months ended 31 December 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.

Following the resignation of Mr. Ma Chi Ming on 7 May 2019, 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 met the minimum number of members' requirement under the GEM Listing Rules upon the date of their appointment.

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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2019.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the nine months ended 31 December 2019 and up to the date of this quarterly 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, and was re-designated to be the Chairman of the Audit Committee;

(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;

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

(viii) Mr. Wong Tin King, Richard resigned from his office as the Company Secretary and Authorised Representative on 27 November 2019;

(ix) Mr. Au Yeung Ming Yin Gordon was appointed as the Company Secretary and Authorised Representative on 27 November 2019;

(x) Mr. Li Kin Ping resigned from his office as an independent non-executive Director, Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee on 8 January 2020; and

(xi) Mr. Chan Pak Qiu was appointed as an independent non-executive Director, the Chairman of each of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee on 8 January 2020.

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 31 December 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 primarily to review the financial statements of the Group and oversee internal control procedures and risk management of the Group.

As at the date of this announcement, the Audit Committee consists of 3 independent non-executive Directors, namely Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chan Pak Qiu. Mr. Chan Kim Fai Eddie is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Third Quarterly Financial Statements and was 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.

SIGNIFICANT EVENT AFTER THE PERIOD

There has been no significant event that affected the Group after 31 December 2019 and up to the date of this announcement.

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

Hong Kong, 14 February 2020

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. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chan Pak Qiu.

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.