L & A International Holdings Limited
樂亞國際控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8195)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.

FINANCIAL HIGHLIGHTS

— Revenue for the year ended 31 March 2020 increased by approximately 3.5% to approximately HK$74,271,000 (2019: approximately HK$71,731,000).

— Loss for the year ended 31 March 2020 amounted to approximately HK$34,015,000 (2019: approximately HK$10,131,000).

— Total equity attributable to owners of the Company as at 31 March 2020 was approximately HK$52,577,000 (2019: approximately HK$98,177,000).

— Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2020 was approximately HK2.47 cents (2019: approximately HK0.74 cent).

— The Board does not recommend the payment of a final dividend for the year ended 31 March 2020.

The board (the "Board") of Directors is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2020 together with the comparative audited figures for the proceeding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*3(b)*	**74,271**	71,731
Cost of sales		**(66,608)**	(62,019)
Net impairment (losses)/gains on loan receivables	*6(c)*	**(4,337)**	15,847
Other income	*4*	**2**	595
Other net (losses)/gains	*5*	**(17,636)**	141
Selling and distribution costs		**(133)**	(3,004)
Administrative expenses		**(18,368)**	(30,365)
Loss from operations		**(32,809)**	(7,074)
Finance costs	*6(a)*	**(829)**	–
Share of profits less losses of associate		**1,190**	–
Loss before taxation	*6*	**(32,448)**	(7,074)
Income tax expenses	*7*	**(1,567)**	(3,057)
Loss for the year		**(34,015)**	(10,131)
Other comprehensive expense for the year, net of income tax			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income		**(14,000)**	(5,481)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**–**	(2,708)
Reclassification adjustments arising from exchange differences released upon disposal of foreign operations		**–**	1,633
Other comprehensive expense for the year, net of income tax		**(14,000)**	(6,556)
Total comprehensive expense for the year		**(48,015)**	(16,687)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(31,600)**	(9,427)
Non-controlling interests		**(2,415)**	(704)
		(34,015)	(10,131)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(45,600)**	(16,077)
Non-controlling interests		**(2,415)**	(610)
		(48,015)	(16,687)
		HK cent	*HK cent*
Loss per share			
Basic and diluted	*9*	**(2.47)**	(0.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**8,208**	1,271
Investment property		**838**	–
Goodwill		**–**	–
Interests in associates		**16,590**	–
Equity instrument at fair value through other comprehensive income		**–**	14,000
Deferred tax assets		**–**	1,567
Rental deposits	*10*	**144**	156
Loan receivables		**19,460**	780
		45,240	17,774
Current assets			
Financial assets at fair value through profit or loss		**7,850**	9,034
Inventories		**940**	6,487
Trade and other receivables	*10*	**8,629**	11,442
Loan receivables		**24,573**	63,145
Cash and cash equivalents		**2,130**	5,229
Tax recoverable		**174**	174
		44,296	95,511
Assets classified as disposal group held for sale		**–**	1,123
		44,296	96,634
Current liabilities			
Trade and other payables	*11*	**12,938**	12,682
Contract liabilities		**3,075**	135
Other borrowings		**1,800**	–
Lease liabilities		**1,047**	–
Tax payable		**1,087**	1,114
Provision for litigation		**1,735**	1,735
		21,682	15,666
Liabilities directly associated with assets classified as disposal group held for sale		**–**	294
		21,682	15,960
Net current assets		**22,614**	80,674
Total assets less current liabilities		**67,854**	98,448

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**3,033**	–
Deferred tax liabilities		**122**	122
Other borrowings		**5,000**	–
Loans from a shareholder		**9,720**	–
		17,875	122
Net assets		**49,979**	98,326
Capital and reserves			
Share capital		**51,200**	51,200
Reserves		**1,377**	46,977
Equity attributable to owners of the Company		**52,577**	98,177
Non-controlling interests		**(2,598)**	149
Total equity		**49,979**	98,326

1. GENERAL INFORMATION

L & A International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are manufacturing, sale and retailing of garment product, money lending, wholesaling of seafood, provision of financial quotient and investment education courses and property investment.

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

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.9%-22.2%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

– the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

– when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

– when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	At 1 April 2019
	HK$'000
Operating lease commitments at 31 March 2019	674
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(352)
	322
Less: total future interest expenses	(35)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and total lease liabilities recognised at 1 April 2019	287

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019	**Capitalisation of operating lease contracts**	**Carrying amount at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	1,271	287	1,558
Total non-current assets	17,774	287	18,061
Lease liabilities (current)	–	250	250
Current liabilities	15,960	250	16,210
Net current assets	80,674	(250)	80,424
Total assets less current liabilities	98,448	37	98,485
Lease liabilities (non-current)	–	37	37
Total non-current liabilities	122	37	159
Net assets	98,326	–	98,326

c. *Impact on the financial result, segment results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise 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 straight-line basis over the lease term. This results in a positive impact on the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flows.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 March 2020, by adjusting the amounts reported under HKFRS 16 in the consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2020 instead of HKFRS 16, and by comparing these hypothetical amounts for 2020 with the actual 2019 corresponding amounts which were prepared under HKAS 17.

	2020				2019
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17** ***(note 1&2)***	**Hypothetical amounts for 2020 as if under HKAS 17**	**Compared to amounts reported for 2019 under HKAS 17**
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial result for year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
Loss from operations	(32,809)	853	(1,373)	(33,329)	(7,074)
Finance costs	(829)	300	–	(529)	–
Loss before taxation	(32,448)	1,153	(1,373)	(32,668)	(7,074)
Loss for the year	(34,015)	1,153	(1,373)	(34,235)	(10,131)
Reportable segment profit/(loss) for the year ended 31 March 2020 (note 3) impacted by the adoption of HKFRS 16:					
– OEM Business	1,724	8	(8)	1,724	(3,072)
– Retail business	431	8	(8)	431	(3,831)
– Money lending	662	59	(55)	666	444
– Wholesaling business	(1,874)	499	(483)	(1,858)	(423)
– Financial quotient and investment education business	(627)	470	(719)	(876)	–
Total	316	1,044	(1,273)	87	(6,882)

	2020			2019
	Amounts reported under HKFRS 16 (A)	Estimated amounts related to operating leases as if under HKAS 17 *(note 1&2)* (B)	Hypothetical amounts for 2020 as if under HKAS 17 (C=A+B)	Compared to amounts reported for 2019 under HKAS 17
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Line items in the consolidated statement of cash flows for year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from/(used in) operations	106	(1,373)	(1,267)	(41,556)
Net cash generated from/(used in) operating activities	79	(1,373)	(1,294)	(42,171)
Capital element of lease rentals paid	(1,073)	1,073	–	–
Interest element of lease rentals paid	(300)	300	–	–
Net cash generated from financing activities	16,618	1,373	17,991	–

Notes:

1 The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2020 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2020. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2020 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2020. Any potential net tax effect is ignored.

2 In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from/used in operating activities and net cash generated from financing activities as if HKAS 17 still applied.

Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies HKFRS 9 Financial Instruments ("HKFRS 9"), including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following six 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: provision of loan services to generate interest income;

(iv) Wholesaling Business: wholesaling of seafood (2019: seafood and baby products);

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

(vi) Property Investment Business: investing properties in Asia Pacific region to generate rental income and to gain from the appreciation in the properties values in the long term.

(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 net gains and losses, certain corporate administrative expenses, share of profit/loss of associate, certain impairment and central finance costs. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Segments assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and other corporate assets. Segment liabilities include provisions, lease liabilities and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

In addition to receiving segment information concerning segment profit/(loss), the Group's executive directors are provided with segment information concerning revenue, interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation and amortisation, impairment losses, and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2020 and 2019 is set out below:

	Year ended 31 March 2020						
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Wholesaling Business *HK$'000*	Financial Quotient and Investment Education Business *HK$'000*	Property Investment Business *HK$'000*	Total *HK$'000*
Reportable segment revenue:							
Disaggregated by timing of revenue recognition							
Point in time	**40,241**	**7,650**	**–**	**23,449**	**312**	**–**	**71,652**
Revenue from other sources	**–**	**–**	**2,619**	**–**	**–**	**–**	**2,619**
Revenue from external customers	**40,241**	**7,650**	**2,619**	**23,449**	**312**	**–**	**74,271**
Reportable segment profit/(loss)	**1,724**	**431**	**662**	**(1,874)**	**(627)**	**–**	**316**
Share of profits less losses of associates							**1,190**
Other income *(note 4)*							**2**
Other net losses *(note 5)*							**(17,636)**
Corporate administrative expenses							**(11,962)**
Central finance costs							**(21)**
Net impairment losses on loan receivables							**(4,337)**
Consolidated loss before taxation							**(32,448)**
Assets							
Reportable segment assets (including interest in associate)	**9,501**	**940**	**44,144**	**1,166**	**24,240**	**852**	**80,843**
Equity instrument at fair value through other comprehensive income							**–**
Financial assets at fair value through profit or loss							**7,850**
Unallocated head office and corporate assets							**843**
Consolidated total assets							**89,536**

	Year ended 31 March 2020						
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Wholesaling Business *HK$'000*	Financial Quotient and Investment Education Business *HK$'000*	Property Investment Business *HK$'000*	Total *HK$'000*
Liabilities							
Reportable segment liabilities	4,517	1,735	10,329	7,694	8,278	–	32,553
Unallocated head office and corporate liabilities							7,004
Consolidated total liabilities							39,557
Other segment information							
Additions to non-current segment assets during the year	53	–	95	757	7,779	844	9,528
Unallocated							235
							9,763
Depreciation for the year	19	–	47	732	406	6	1,210
Unallocated							96
							1,306
Interest income from bank deposits	–	–	–	–	–	–	–
Unallocated							1
							1
Finance cost	1	–	322	295	190	–	808
Unallocated							21
							829
Deposit and other receivables written off	–	–	–	(3,001)	–	–	(3,001)
Unallocated							(24)
							(3,025)
Modification loss upon extension of loan receivable	–	–	(4,443)	–	–	–	(4,443)
Loan receivables written off	–	–	(2,645)	–	–	–	(2,645)
Net impairment (losses)/gains on loan receivables	–	–	(4,337)	–	–	–	(4,337)
Gain on disposal of subsidiaries	3	138	–	–	–	–	141
Trade receivables written off	–	(4,300)	–	(930)	–	–	(5,230)
Inventory written off	–	(336)	–	–	–	–	(336)
Loss on written off of property, plant and equipment	–	–	–	(38)	–	–	(38)
Impairment of property, plant and equipment	–	–	–	(924)	–	–	(924)
Share of profits less losses of associates	–	–	–	–	1,190	–	1,190
Interest in associate	–	–	–	–	16,590	–	16,590
Impairment of trade receivables	–	–	–	(1,284)	–	–	(1,284)

	Year ended 31 March 2019				
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Wholesaling Business *HK$'000*	Total *HK$'000*
Reportable segment revenue:					
Disaggregated by timing of revenue recognition					
Point in time	44,404	1,041	–	23,887	69,332
Revenue from other sources	–	–	2,399	–	2,399
Revenue from external customers	44,404	1,041	2,399	23,887	71,731
Reportable segment (loss)/profit	(3,072)	(3,831)	444	(423)	(6,882)
Other income *(note 4)*					595
Other net gains *(note 5)*					141
Corporate administrative expenses					(16,775)
Net impairment gains on loan receivables					15,847
Consolidated loss before taxation					(7,074)
Assets					
Reportable segment assets	10,787	7	68,452	11,284	90,530
Equity instrument at fair value through other comprehensive income					14,000
Financial assets at fair value through profit or loss					9,034
Unallocated head office and corporate assets					844
Consolidated total assets					114,408

	Year ended 31 March 2019				
	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Wholesaling Business *HK$'000*	Total *HK$'000*
Liabilities					
Reportable segment liabilities	2,281	1,880	1,349	4,802	10,312
Unallocated head office and corporate liabilities					5,770
Consolidated total liabilities					16,082
Other segment information					
Additions to non-current segment assets during the year	–	–	59	1,597	1,656
Unallocated					6
					1,662
Depreciation and amortisation for the year	93	1,742	–	265	2,100
Unallocated					1,021
					3,121
Interest income from bank deposits	–	–	–	–	–
Unallocated					41
					41
Net impairment gains on loan receivables	–	–	15,847	–	15,847
Trade receivable written off	(134)	–	–	–	(134)
Inventory loss caused by flood damage	(4,180)	(200)	–	–	(4,380)
Provision for litigation	–	(1,735)	–	–	(1,735)

There are no inter-segment revenue for the years ended 31 March 2020 and 2019.

(b) Revenue from major products and services

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

	2020	2019
	HK$'000	*HK$'000*
Garment products	**47,891**	45,445
Baby products	**–**	9,688
Seafood	**23,449**	14,199
Interest income from loan receivables	**2,619**	2,399
Tuition fee from financial quotient and investment education courses	**312**	–
	74,271	71,731

(c) Geographical information

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

(i) Revenue from external customers

	2020	2019
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**74,271**	65,639
USA	**–**	726
PRC	**–**	216
Europe	**–**	5,150
	74,271	71,731

(ii) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**24,942**	1,427
Japan	**838**	–
	25,780	1,427

(d) Information about major customers

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

	2020	2019
	HK$'000	*HK$'000*
OEM Business		
– Customer A	**40,241**	25,135
– Customer B	**–**	12,985
Wholesaling Business		
– Customer C	**–**	9,688
– Customer D	**7,995**	–

4. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest income on financial assets measured at amortised cost		
– bank interest income	**1**	41
Gross rental income from investment property	**–**	497
Sundry income	**1**	57
	2	595

5. OTHER NET (LOSSES)/GAINS

	2020	2019
	HK$'000	*HK$'000*
Loss on written off of property, plant and equipment	**(38)**	–
Impairment loss of property, plant and equipment	**(924)**	–
Gain on disposal of subsidiaries	**141**	6,106
Gain from changes in fair value of financial assets mandatorily measured at FVPL		
– Held for trading	**400**	2,799
Loss on disposal of financial assets at FVPL	**(252)**	(4,250)
Inventory loss caused by flood damage	**–**	(4,380)
Inventory written-off	**(336)**	–
Trade receivables written off	**(5,230)**	(134)
Impairment loss of trade receivables	**(1,284)**	–
Deposit and other receivables written off	**(3,025)**	–
Modification loss upon extension of loan receivable	**(4,443)**	–
Loan receivables written off	**(2,645)**	–
	(17,636)	141

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

(a) Finance costs

	2020	2019
	HK$'000	*HK$'000*
Interest on loans from a shareholder	**269**	–
Interest on other borrowings	**260**	–
Interest on lease liabilities	**300**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**829**	–

(b) Staff costs (including directors' emoluments)

	2020	2019
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**7,941**	7,622
Contributions to defined contribution retirement plans	**193**	238
	8,134	7,860

(c) Other items

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit service	**1,200**	1,200
– other service	**6**	–
Cost of inventories	**66,191**	66,337
Depreciation of investment property	**6**	1,014
Depreciation charge		
– owned property, plant and equipment *(note)*	**447**	336
– right-of-use assets *(note)*	**853**	–
	1,300	336
Amortisation of intangible assets	**–**	1,771
Total minimum lease payments for leases previously classified as operating lease under HKAS 17 *(note)*	**–**	612
Rental income from investment property less direct outgoings of HK$nil (2019: HK$10,000)	**–**	(487)
Net foreign exchange loss	**1**	190
Net impairment losses/(gains) on loan receivables	**4,337**	(15,847)
Provision for litigation	**–**	1,735

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. (See note 2)

7. INCOME TAX EXPENSES

Income tax recognised in the consolidated statement of profit or loss represents:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**–**	444
PRC Enterprise Income Tax		
– Under-provision in prior years	**–**	330
Deferred tax-origination and reversal of temporary differences	**1,567**	2,283
Income tax expenses	**1,567**	3,057

Notes:

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

(ii) The provision for Hong Kong profits tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of the assessable profits are taxed at 8.25% and the assessable profits above HK$2 million are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

During the year ended 31 March 2020, the Group has no estimated assessable profits derived in Hong Kong.

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

(iv) For the year ended 31 March 2020, the Group is not subject to PRC Enterprise Income Tax as the Group has no subsidiary operated or established in PRC. For the year ended 31 March 2019, all PRC subsidiaries were subject to PRC Enterprise Income Tax at the standard rate of 25% on their respective taxable profit during the year.

8. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK$31,600,000 (2019: HK$9,427,000) and the weighted average number of 1,280,000,000 (2019: 1,280,000,000) ordinary shares in issue during the year.

(b) Diluted loss per share

For the year ended 31 March 2020 and 2019, diluted loss per share is the same as the basic loss per share as there were no potential ordinary shares outstanding during the years.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables, net of loss allowance	**4,733**	7,277
Other receivables	**268**	35
Financial assets measured at amortised cost	**5,001**	7,312
Prepayments	**223**	94
Deposits	**3,549**	4,192
	8,773	11,598
Representing:		
Current	**8,629**	11,442
Non-current	**144**	156
	8,773	11,598

Prepayments and deposits expected to be recovered or recognised as expense after more than one year is HK$144,000 (2019: HK$156,000).

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

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

As of the end of the reporting period, an ageing analysis of the trade receivables net of loss allowances presented based on the invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**4,537**	5,552
31 to 60 days	**–**	1,635
61 to 90 days	**106**	–
Over 90 days	**90**	90
	4,733	7,277

11. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**60**	143
Accrued staff salaries	**423**	360
Amounts due to associates *(note (c))*	**3,882**	–
Other accruals and payables	**8,573**	12,179
Financial liabilities measured at amortised cost	**12,938**	12,682

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

	2020	2019
	HK$'000	*HK$'000*
Over 90 days	**60**	143

(b) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(c) The balances are unsecured, interest fee, repayable on demand and will be settled in cash.

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 expenses and looking for ways to improve the business. During the year ended 31 March 2020, the Group continued to 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 costs of operation.

Retail Business

While the economic slowdown in the People's Republic of China (the "PRC") and the outbreak of coronavirus in Hong Kong eroded consumer confidence, the shifting of pattern to online shopping further negatively impacted the Retail Business.

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

Money Lending Business

The Group obtained the money lender licence and commenced Money Lending Business from June 2016. During the year ended 31 March 2020, the Money Lending Business had generated interest income of approximately HK$2.6 million, representing an increase of approximately 9.2% as compared to that of last year.

Wholesaling Business

The Wholesaling Business commenced operation during the year ended 31 March 2019 and generated revenue of approximately HK$23.4 million for the year ended 31 March 2020. The products are mainly seafood.

Financial Quotient and Investment Education Business

During the year ended 31 March 2020, 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$0.3 million was generated during the year ended 31 March 2020.

Property Investment Business

The Group also established the Property Investment Business during the year ended 31 March 2020. 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, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate 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$71.7 million for the year ended 31 March 2019 to approximately HK$74.3 million for the year ended 31 March 2020, representing an increase of approximately 3.5%. During the year ended 31 March 2020, the outbreak of coronavirus in Hong Kong eroded customer confidence, the revenue of OEM Business slightly decreased by approximately 9.4% to approximately HK$40.2 million for the year ended 31 March 2020 as compared to the year ended 31 March 2019. Revenue from the Retail Business increased to approximately HK$7.7 million for the year ended 31 March 2020, this was mainly due to the one-off and bulky sales of its aged and slow-moving inventories. On the other hand, the Money Lending Business and Wholesaling Business contributed revenue of approximately HK$2.6 million and HK$23.4 million respectively during the year ended 31 March 2020.

	Year ended 31 March			
	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**40,241**	**54.2**	44,404	61.9
Retail Business	**7,650**	**10.3**	1,041	1.5
Money Lending Business	**2,619**	**3.5**	2,399	3.3
Wholesaling Business	**23,449**	**31.6**	23,887	33.3
Financial Quotient and Investment Education Business	**312**	**0.4**	–	–
	74,271	**100.0**	71,731	100.0

Cost of Sales

The majority of the Group's cost of sales was raw material costs. The Group's cost of sales increased by approximately 7.4% to approximately HK$66.6 million for the year ended 31 March 2020 as compared to the year ended 31 March 2019.

Expenses

Selling and administrative expenses for the year ended 31 March 2020 was approximately HK$18.5 million (2019: HK$33.4 million), representing an decrease of approximately HK$14.9 million. The decrease was due to the Management's efforts in controlling expenses and costs of operation.

Loss for the year

The loss for the year ended 31 March 2020 was approximately HK$34.0 million. The loss for the year ended 31 March 2019 was approximately HK$10.1 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2020, the share capital and equity attributable to owners of the Company amounted to approximately HK$51.2 million and HK$52.6 million respectively (2019: HK$51.2 million and HK$98.2 million respectively).

Cash position

As at 31 March 2020, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$2.1 million (2019: HK$5.2 million), representing a decrease of approximately 59.3% as compared to that of 31 March 2019.

Gearing ratio

As at 31 March 2020, the Group's total borrowings were HK$16.5 million (31 March 2019: Nil). The gearing ratio was approximately 31.4% as at 31 March 2020 (31 March 2019: approximately Nil).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$") and United States Dollars ("USD"). The Group's assets and liabilities are mainly denominated in HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

The Management considers that the foreign exchange risk with respect to USD is not significant as HK$ is pledged to USD. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

During year ended 31 March 2020, 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 wholly owned subsidiary of the Company entered into an agreement, pursuant to which, the Purchaser agreed to acquire a 30% interest in 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 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, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2020.

On 11 May 2020, the Purchaser entered into another agreement, pursuant to which, the Purchaser agreed to acquire the entire issued share capital of the Bewisekid Holding Limited, ("Bewisekid Group") at the consideration of HK$33,250,000, which has been fully satisfied by the issue and allotment of the consideration shares at the issue price of HK$0.135 per consideration share by the Company upon completion. Bewisekid Group is principally engaged in provision of seminars on the UK property investment experience sharing in Hong Kong, together with the provision of play-based learning activities to enhance the overall development for children aged from 6 to 14 years old in Hong Kong. Details of the transaction were set out in the Company's announcement dated 11 May 2020.

Save as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 March 2020.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2020 (2019: Nil).

Capital Commitments

The Group had no material capital commitments as at 31 March 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2020.

CORPORATE GOVERNANCE PRACTICES

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code ("CG Code") under Appendix 15 of the GEM Listing Rules. For the year ended 31 March 2020, save for the deviations mentioned below, the Company has fully complied with all applicable provisions of the CG Code. The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time so as to ensure that the Company complies with the statutory and the CG Code and aligns with the latest developments.

The Board currently comprises six members, of which three are executive Directors namely Mr. Lau Chun Kavan, Ms. Wang Tsz Yue and Mr. Yuen Yu Sum and three are independent non-executive Directors namely Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chan Pak Qiu.

On 7 May 2019, Mr. Ng Ka Ho resigned from his office as an executive Director, the authorised representative, compliance Officer, the chairman of the Board and a member of the Nomination Committee and Remuneration Committee; 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; Ms. Guo Yan Xia was removed as an independent non-executive Director on 6 June 2019; and 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.

Following the resignation of Mr. Ma Chi Ming from his office as an independent non-executive Director and a member of the Audit Committee with effect from 7 May 2019, the number of the independent non-executive Director fell short of the minimum number required under Rule 5.05 (1) of the GEM Listing Rules. The required composition of the Audit Committee did not meet the requirements under Rule 5.28 of the GEM Listing Rules that the Audit Committee must comprise a minimum of three (3) members comprising non-executive directors only.

On 6 June 2019, the Company has appointed Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis as independent non-executive Directors and members of the Audit Committee. Accordingly, the Company has already complied with the Listing Rules and code provision as mentioned in the above paragraph since 6 June 2019, upon the aforesaid appointments of Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis.

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. Meanwhile, the Board considers that the existing Board members are able to share the power and responsibilities of Chairman and CEO among themselves.

As the position of Chairman is vacant since 7 May 2019, no meeting was held between the independent non-executive directors and the Chairman without the presence of other Directors during the year ended 31 March 2020. Save for the deviation from code provision of A.2.7 and A.2.1 of the CG Code, the Company has applied the principles and complied all the applicable code provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the year ended 31 March 2020.

AUDIT COMMITTEE

The Company established the Audit Committee on 25 September 2014 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 31 December 2018, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

As at 31 March 2020, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Kim Fai Eddie (Chairman), Mr. Ng Chi Ho Dennis and Mr. Chan Pak Qiu.

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

On 9 January 2020, Mr. Li Kin Ping resigned as the Chairman of the Audit Committee, Mr, Chan Pak Qiu was appointed as a member of the Audit Committee, and Mr. Chan Kim Fai Eddie was re-designated to be the Chairman of the Audit Committee.

The Group's results for the year ended 31 March 2020 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2020 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Wang Tsz Yue
Executive Director

Hong Kong, 24 June 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 Pak Qiu, Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis.

This announcement will remain on the "Latest Listed Company Information" 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.