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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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 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 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2020

The board (the "Board") of Directors is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 30 June 2020 (the "First Quarterly Financial Statements") together with the unaudited comparative figures for the corresponding period in 2019 as follows:

		Three months ended 30 June	
		2020	2019
	NOTES	***HK\$'000***	*HK\$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**9,375**	31,779
Cost of sales		**(7,895)**	(27,883)
Other income		**1**	1
Other gains, net	*4*	**771**	3,215
Selling and distribution expenses		**(2)**	(70)
Administrative expenses		**(2,273)**	(4,540)
Finance Cost		**(339)**	–
Share of profit less losses of associate		**1,249**	–
Profit before taxation		**887**	2,502
Income tax expenses	*5*	**–**	(228)
Profit and total comprehensive income for the period	*6*	**887**	2,274
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**1,037**	1,952
Non-controlling Interests		**(150)**	322
		887	2,274
Earnings per share	*8*		
Basic and diluted (HK cents)		**0.08**	0.15

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Fair value reserve (non-recycling)** *HK$'000*	**Special reserve** *HK$'000*	**Other reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2019 (audited)	51,200	618,133	–	(7,924)	28,431	4,327	(595,990)	98,177	149	98,326
Profit and total comprehensive income for the period	–	–	–	–	–	–	1,952	1,952	322	2,274
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(332)	(332)
At 30 June 2019 (unaudited)	51,200	618,133	–	(7,924)	28,431	4,327	(594,038)	100,129	139	100,268
At 1 April 2020 (audited)	51,200	618,133	–	(21,924)	28,431	4,327	(627,590)	52,577	(2,598)	49,979
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	–	–	1,037	1,037	(150)	887
At 30 June 2020 (unaudited)	51,200	618,133	–	(21,924)	28,431	4,327	(626,553)	53,614	(2,748)	50,866

Notes:

(i) Special reserve represented the difference between the nominal amount of the share capital and share premium issued by a former subsidiary of the Company 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 controlling shareholder of the Company in previous periods.

NOTES TO THE FIRST QUARTERLY FINANCIAL STATEMENTS

For the three months ended 30 June 2020

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 First 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 First 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 First Quarterly Financial Statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Group.

The First 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 2020 (the "2020 Annual Report").

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for both periods. At the date of authorisation of the First Quarterly Financial Statements, the Group has not early adopted the new/revised HKFRSs that have been issued but are not yet effective.

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 three months ended 30 June 2020 and 2019 is set out below:

	Three months ended 30 June 2020						
	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$'000* (Unaudited)	Property Investment Business *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Reportable segment revenue:							
Disaggregated by timing of revenue recognition							
At a point in time	**8,022**	**131**	**–**	**–**	**389**	**–**	**8,542**
Revenue from other resources	**–**	**–**	**833**	**–**	**–**	**–**	**833**
Revenue from external customers	**8,022**	**131**	**833**	**–**	**389**	**–**	**9,375**
Reportable segment profit (loss)	**381**	**(2)**	**731**	**(354)**	**7**	**(2)**	**761**
Share of profit less losses of associates							**1,249**
Loss on disposal of financial assets at fair value through profit or loss, net							**(6,188)**
Gain on disposal of a subsidiary							**99**
Other income							**1**
Corporate administrative expenses							**(1,556)**
Finance costs							**(339)**
Bad Debt recovery							**6,860**
Loss before taxation							**887**

	Three months ended 30 June 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	8,391	4,555	–	17,557	482	30,985
Revenue from other resources	–	–	794	–	–	794
Revenue from external customers	8,391	4,555	794	17,557	482	31,799
Reportable segment profit (loss)	241	71	684	1,301	263	2,560
Fair value change on financial assets at fair value through profit or loss, net						3,309
Loss on disposal of financial assets at fair value through profit or loss, net						(97)
Gain on disposal of subsidiaries						3
Other income						1
Corporate expenses						(3,274)
Profit before taxation						2,502

There was no inter-segment revenue for the three months ended 30 June 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:

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Garment products	**8,153**	12,946
Seafood	**–**	17,557
Interest income from loan receivables	**833**	794
Tuition fee from financial quotient and education courses	**389**	482
	9,375	31,779

(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.

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	**9,375**	31,779

4. OTHER GAINS, NET

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain (loss) on fair value change of financial assets at fair value through profit or loss, net	**–**	3,309
Loss on disposal of financial assets at fair value through profit or loss, net	**(6,188)**	(97)
Gain on disposal of subsidiaries	**99**	3
Bad Debt recovery	**6,860**	–
	771	3,215

5. INCOME TAX EXPENSES

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax *(Note (i))*		
– current period	**–**	228
Enterprise Income Tax ("EIT") *(Note (ii))*		
– current period	**–**	–
	–	228
Deferred tax	**–**	–
	–	228

Notes:

(i) Hong Kong

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

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

During the three months ended 30 June 2020, the Group had no estimated assessable profit derived in Hong Kong and hence, no provision for Hong Kong Profit Tax was made.

(ii) PRC

All subsidiaries in the People's Republic of China (the "PRC") were subject to the PRC EIT at the standard rate of 25% of the estimated assessable profit.

For the three months ended 30 June 2020 and 2019, no provision for EIT had been made as the Group has no subsidiary operated or established in the PRC.

6. PROFIT FOR THE PERIOD

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration:		
– Fees	**270**	214
– Salaries and other benefits	**60**	110
– Retirement benefit scheme contributions	**3**	5
	333	329
Other staff salaries and allowances	**900**	1,644
Retirement benefit scheme contributions, excluding those of Directors	**29**	48
Total employee benefits expenses	**1,262**	2,021
Cost of inventories recognised as an expense	**7,742**	27,551
Depreciation of investment properties	**2**	–
Depreciation of property, plant and equipment	**35**	92
Net exchange loss	**–**	1

7. DIVIDEND

No dividend was paid or proposed for the three months ended 30 June 2020 (three months ended 30 June 2019: Nil) nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit		
Profit for the period attributable to the owners of the Company	**1,037**	1,952
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purposes of basic and diluted earnings per share	**1,280,000**	1,280,000

Diluted earnings per share for both periods was the same as the basic earnings per share as the Company had no dilutive potential ordinary shares outstanding during both periods.

9. RELATED PARTY DISCLOSURES

(a) Compensation of Directors and key management personnel

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries and other allowances	**330**	324
Retirement benefit scheme and contributions	**3**	5
	333	329

The remuneration of Directors and key management personnel are determined having regard to the performance of the individuals.

(b) Financial arrangement

At 30 June 2020, the outstanding loan balance due to a Shareholder is HK$9,720,000 (2019: HK$nil). The interest expenses on loan from Shareholder during the three months ended 30 June 2020 amounted to HK$322,000 (three months ended 30 June 2019: HK$nil).)

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, a former subsidiary of the Group, entered into on 27 October 2016, which the plaintiff is claiming the Group for, inter alia, damages in the sum of approximately HK$1,735,000 plus interest. As the directors of the Group consider that it is probable that an outflow of economic benefits will be required to settle the obligation, the Group recognised the provision of HK$1,735,000 which is considered as a reliable estimate that can be made.

(b) During the year ended 31 March 2019, a petition has been filed to the court by two shareholders of the Company (the "Petitioners"), which together holding over 3% of the Company's issued shares, and the Petitioners filed and served a re-amended petition to the court on 3 December 2019. The Petitioners pray (i) that the Company be wound up pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); (ii) that the court make such other orders as are deemed to be just and equitable; and (iii) that provision be made for Petitioners' costs. The case was heard from 6 to 10 July, 2020 and 13 July, and judgment is reserved. The directors of the Company have discussed with the legal counsel of the Group and with reference to their own experience, they believe there is a high chance of striking out the petition and there is no effect on the going concern assumption as the basis of preparation of the Group's consolidated financial statements.

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 three months ended 30 June 2020, the Group continued the operation model by placing orders with other OEM manufacturers, while maintaining the quality control standard, which attributed to the substantial reduction in the cost of operation.

Retail Business

During the three months ended 30 June 2020, the Retail Business had generated revenue of approximately HK$131,000 (2019: HK$4,555,000), representing a substantial decrease of approximately 97.1%. This was mainly due to the outbreak of coronavirus in Hong Kong.

Money Lending Business

The Group obtained the money lender licence and commenced Money Lending Business since June 2016. During the three months ended 30 June 2020, the Money Lending Business had generated interest income of approximately HK$0.8 million.

Wholesaling Business

The Wholesaling Business commenced operation during the year ended 31 March 2019. During the three months ended 30 June 2020, the revenue generated from Wholesaling Business reduced to nil. This was mainly due to the outbreak of coronavirus in Hong Kong.

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. Revenue of approximately HK$0.4 million was generated during the three months ended 30 June 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 its promotion campaigns. The Management is also closely monitoring the movement of rental for the retail outlets and will adjust the business plan for the Retail Business if necessary. Despite the uncertainties, the Management still remains positive towards the Retail Business in the long run. For Money Lending Business, the Group will continue to expand in a prudent and balanced risk management approach.

The Group will (i) invest resources to expand the share in the financial quotient and investment education market, and (ii) strive to broaden its customer base. The Group is also seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately HK$31.8 million for the three months ended 30 June 2019 to approximately HK$9.4 million for the three months ended 30 June 2020, representing a decrease of approximately 70.5%. Revenue from the OEM Business slightly decreased to approximately HK$8.0 million for the three months ended 30 June 2020. On the other hand, due to the outbreak of coronavirus in Hong Kong, the revenue from the Retail Business and the Wholesaling Business decreased to approximately HK$0.1 million and nil for the three months ended 30 June 2020 as compared to the three months ended 30 June 2019 respectively.

For the Money Lending Business, it has generated interest income of approximately HK$0.8 million for the three months ended 30 June 2020.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the three months ended 30 June 2019 and 30 June 2020.

	Three months ended 30 June			
	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**8,022**	**85.6**	8,391	26.4
Retail Business	**131**	**1.4**	4,555	14.3
Money Lending Business	**833**	**8.9**	794	2.5
Wholesaling Business	**–**	**–**	17,557	55.2
Financial Quotient and Investment Education Business	**389**	**4.1**	482	1.6
	9,375	**100.0**	31,779	100.0

Cost of sales

The Group's cost of sales decreased by 71.6% to approximately HK$7.9 million for the three months ended 30 June 2020 as compared to the three months ended 30 June 2019. The decrease was mainly attributable to the substantial drop of Wholesaling Business during the three months ended 30 June 2020.

Expenses

Selling and administrative expenses for the three months ended 30 June 2020 were approximately HK$2.3 million (three months ended 30 June 2019: approximately HK$4.6 million), representing a decrease of approximately HK$2.3 million.

Profit for the period

Profit for the three months ended 30 June 2020 was approximately HK$0.9 million, whereas profit for the three months ended 30 June 2019 was approximately HK$2.3 million.

Such decrease in profit was primarily attributable to i) the loss on disposal of financial assets at FVTPL of approximately HK$6.2 million for the three months ended 30 June 2020; and (ii) the decrease in revenue for the Group in the three months ended 30 June 2020 due to the outbreak of coronavirus in Hong Kong.

OTHER INFORMATION

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this announcement, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the three months ended 30 June 2020.

On 11 May 2020, Able Glorious Limited (the "Purchaser"), a direct wholly owned subsidiary of the Company, entered into the 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. The completion was taken place on 10 August 2020. Details of the Agreement were set out in the Company's announcements dated 11 May 2020, 30 June 2020, 13 July 2020, 4 August 2020 and 10 August 2020.

Save as disclosed above, there was no plan for material investments or capital assets as at 30 June 2020.

CAPITAL REORGANISATION

The Company is in the process of implementation of capital reorganisation ("Capital Reorganisation") which include the followings:

a) capital reduction ("Capital Reduction") whereby the share capital of the Company will be reduced by (i) the cancellation of HK$0.0399 paid-up capital on each issued share such that each issued share shall be treated as one fully paid-up share of HK$0.0001 each (the "New Share") in the capital of the Company; and (ii) the reduction of the par value of each and every unissued share from HK$0.04 to HK$0.0001;

b) share premium cancellation whereby upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company will be cancelled ("Share Premium Cancellation");

c) the credit arising from the Capital Reduction and Share Premium Cancellation will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction. The balance of credit after offsetting, if any, will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of directors considers appropriate; and

d) immediately following the Capital Reduction, the authorised share capital of the Company will be increased from HK$1,250,000 divided into 12,500,000,000 New Shares of par value of HK$0.0001 each to HK$500,000,000 divided into 5,000,000,000,000 New Shares of par value of HK$0.0001 each, by the creation of 4,987,500,000,000 additional New Shares of par value of HK$0.0001 each.

At the extraordinary general meeting of the Company held on 23 March 2020 (the "EGM"), the proposed resolution to approve the Capital Reorganisation and the transactions contemplated thereunder was duly passed as a special resolution by way of poll by the shareholders.

Subsequent to the passing of the resolution at the EGM, the Capital Reorganisation will become effective after the other conditions are fulfilled, inter alia, the approval from The Grand Court of the Cayman Islands (the "Court") and registration of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law (2020 Revision) of the Cayman Islands, as amended or modified from time to time, with respect to the Capital Reduction.

The Capital Reorganisation has not yet completed at the date of approval of the financial statements.

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

As at 30 June 2020, none of the Directors and chief executives of the Company had, or deemed to have, any interests or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)) which (a) were 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 were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION", as at 30 June 2020, neither the company, holding company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the company or any other body corporate, and none of the directors and chief executive of the company or their spouses or children under the age of 18, had any right to subscribe for the securities of the company, or had exercised any such rights.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 September 2014 for the primary purpose of providing incentives or rewards to eligible participants, and will expire on 10 October 2024, after which no further options will be granted. Under the Scheme, the Board of Directors of the Company may grant options to:

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

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

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

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

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

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

On 14 July 2020, a total of 10,000,000 share options were granted to Mr. Yuen Yu Sum, an executive Director of the Company. Details were set out in the Company's announcement dated 14 July 2020.

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

So far as the Directors are aware, as at 30 June 2020, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares	Percentage of the Company's issue share capital as at 30 June 2020
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 ("Strong Light") *(Note)*	Beneficial owner	299,694,000	23.41%
Ge Qingfu	Beneficial owner	128,266,200	10.02%
Flying Mortgage Limited	Beneficial owner	70,512,000	5.51%

Note:

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

Saved as disclosed above, as at 30 June 2020, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

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

The Company has 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.

To the best of the Board's knowledge, information and belief, the Directors have fully complied with the required standard of dealings and there was no event of non-compliance during the three months ended 30 June 2020 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2020.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the three months ended 30 June 2020 or as at 30 June 2020.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited ("CCIC") as the compliance adviser. CCIC has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. None of CCIC or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2020.

AUDIT COMMITTEE

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

As at 30 June 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.

The Audit Committee has reviewed the First Quarterly Financial Statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 14 August 2020

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lau Chun Kavan, Ms. Wang Tsz Yue, Mr. Yuen Yu Sum and Mr. Chan Lap Jin Kevin and three independent non-executive Directors, namely, Mr. Chan Pak Qiu, Mr. Chan Kim Fai Eddie and Mr. Ng Chi Ho Dennis.