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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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

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.

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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.

FINANCIAL HIGHLIGHTS

— Revenue for the year ended 31 March 2021 increased by approximately 29.9% to approximately HK$96,468,000 (2020: approximately HK$74,271,000).

— Profit for the year ended 31 March 2021 amounted to approximately HK$40,425,000 (2020: Loss of approximately HK$34,015,000).

— Total equity attributable to owners of the Company as at 31 March 2021 was approximately HK$176,758,000 (2020: approximately HK$52,577,000).

— Basic and diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2021 was approximately HK3.00 cent and HK2.98 cent respectively (2020: Basic and diluted loss per share attributable to the owners of the Company of approximately HK2.47 cent and HK2.47 cent respectively).

— The Board recommended the payment of a final dividend of HK$0.0072 per share totaling HK$11,059,084.80 for the year ended 31 March 2021. The final dividend will be paid in three instalments of HK$3,532,763.20 (HK$0.0023 per share), HK$3,686,361.60 (HK$0.0024 per share) and HK$3,839,960.00 (HK$0.0025 per share) on 12 August 2021, 25 August 2021 and 24 September 2021 respectively to shareholders whose names appeared on the Register of Members of the Company at the close of business on 10 August 2021, 19 August 2021 and 15 September 2021 respectively.

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 2021 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*3*	**96,468**	74,271
Cost of sales		**(30,242)**	(66,608)
Reversal/(provision) for expected credit losses	*6(c)*	**5,265**	(4,337)
Other income	*4*	**440**	2
Other net gains/(losses)	*5*	**150**	(17,636)
Selling and distribution costs		**(2,924)**	(133)
Administrative expenses		**(26,291)**	(18,368)
Profit/(loss) from operations		**42,866**	(32,809)
Finance costs	*6(a)*	**(1,733)**	(829)
Share of profits less losses of associates		**5,077**	1,190
Profit/(loss) before taxation	*6*	**46,210**	(32,448)
Income tax expenses	*7*	**(5,785)**	(1,567)
Profit/(loss) for the year		**40,425**	(34,015)
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)
Other comprehensive expense for the year, net of income tax		**–**	(14,000)
Total comprehensive income/(expense) for the year		**40,425**	(48,015)

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**40,566**	(31,600)
Non-controlling interests		**(141)**	(2,415)
		40,425	(34,015)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**40,566**	(45,600)
Non-controlling interests		**(141)**	(2,415)
		40,425	(48,015)
		HK cent	*HK cent*
Earnings/(loss) per share			
Basic	*9*	**3.00**	(2.47)
Diluted	*9*	**2.98**	(2.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**13,419**	8,208
Investment property		**20,000**	838
Goodwill		**135,071**	–
Interests in associates		**–**	16,590
Equity instrument at fair value through other comprehensive income		**–**	–
Rental deposits	*10*	**80**	144
Loan receivables		**–**	19,460
		168,570	45,240
Current assets			
Financial assets at fair value through profit or loss		**1,594**	7,850
Inventories		**–**	940
Trade and other receivables	*10*	**25,074**	8,629
Loan receivables		**73,095**	24,573
Amounts due from directors		**5,662**	–
Amount due from an associate		**6,230**	–
Cash and cash equivalents		**72,944**	2,130
Tax recoverable		**9**	174
		184,608	44,296
Assets classified as disposal group held for sale		**–**	–
		184,608	44,296
Current liabilities			
Trade and other payables	*11*	**45,294**	12,938
Contract liabilities		**29,808**	3,075
Other borrowings		**11,200**	1,800
Lease liabilities		**2,352**	1,047
Tax payable		**13,626**	1,087
Provision for litigation		**1,735**	1,735
Dividend payable		**10,137**	–
		114,152	21,682
Liabilities directly associated with assets classified as disposal group held for sale		**–**	–
		114,152	21,682
Net current assets		**70,456**	22,614
Total assets less current liabilities		**239,026**	67,854

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**7,445**	3,033
Deferred tax liabilities		**122**	122
Promissory note payables		**57,440**	–
Other borrowings		**–**	5,000
Loans from a shareholder		**–**	9,720
		65,007	17,875
Net assets		**174,019**	49,979
Capital and reserves			
Share capital		**154**	51,200
Reserves		**176,604**	1,377
Equity attributable to owners of the Company		**176,758**	52,577
Non-controlling interests		**(2,739)**	(2,598)
Total equity		**174,019**	49,979

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

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

(a) Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive directors (the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has presented the following 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 for year 2020;

(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 impairments losses of loan receivables 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 2021 and 2020 is set out below:

	Year ended 31 March 2021						
	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	23,832	400	–	–	68,110	–	92,342
Revenue from other sources	–	–	4,126	–	–	–	4,126
Revenue from external customers	23,832	400	4,126	–	68,110	–	96,468
Reportable segment profit	820	24	2,946	–	51,742	–	55,532
Share of profits less losses of associates							5,077
Other income *(note 4)*							440
Other net gains *(note 5)*							150
Corporate administrative expenses							(19,246)
Central finance costs							(1,008)
Reversal for expected credit losses							5,265
Consolidated profit before taxation							46,210
Assets							
Reportable segment assets (including interest in associate)	2,150	36	119,084	–	55,550	15,584	192,404
Goodwill							135,071
Financial assets at fair value through profit or loss							1,594
Unallocated head office and corporate assets							24,109
Consolidated total assets							353,178

	Year ended 31 March 2021						
	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	444	7	586	–	49,937	11,290	62,264
Promissory note payables							57,440
Other payable for acquisition of a subsidiary							33,250
Unallocated head office and corporate liabilities							26,205
Consolidated total liabilities							179,159
Other segment information							
Additions to non-current segment assets during the year	–	–	–	–	2,019	20,000	22,019
Unallocated							6,541
							28,560
Depreciation for the year	29	1	47	–	224	–	301
Unallocated							3,127
							3,428
Interest income from bank deposits	–	–	–	–	1	–	1
Unallocated							1
							2
Finance cost	1	–	686	–	37	–	724
Unallocated							1,009
							1,733
Deposit and other receivables written off	–	–	–	(203)	–	–	(203)
Unallocated							(50)
							(253)
Reversal for expected credit losses	–	–	5,265	–	–	–	5,265
Trade receivables written off	–	–	–	(16)	–	–	(16)
Inventory written off	–	(570)	–	–	–	–	(570)
Loss on written off of property, plant and equipment	–	–	–	(247)	–	–	(247)
Recovery of loan receivables written off	–	–	2,560	–	–	–	2,560
Gain on disposal of property, plant and equity	–	–	–	–	–	87	87
Written back long outstanding trade and other payables	447	–	163	–	–	–	610
Share of profits less losses of associates	–	–	–	–	5,077	–	5,077
Recovery of trade and other receivable	4,319	–	–	–	–	–	4,319

	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)
Provision for expected credit losses							(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)
Provision for expected credit losses	–	–	(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)

There are no inter-segment revenue for the years ended 31 March 2021 and 2020.

(b) Revenue from major products and services

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

	2021	2020
	HK$'000	*HK$'000*
Garment products	**24,232**	47,891
Seafood	**–**	23,449
Interest income from loan receivables	**4,126**	2,619
Tuition fee from financial quotient and investment education courses	**68,110**	312
	96,468	74,271

(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

	2021	2020
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**96,468**	74,271
USA	**–**	–
PRC	**–**	–
Europe	**–**	–
	96,468	74,271

(ii) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**168,570**	24,942
Japan	**–**	838
	168,570	25,780

(d) Information about major customers

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

	2021	2020
	HK$'000	*HK$'000*
OEM Business		
– Customer A	**23,832**	40,241
Wholesaling Business		
– Customer B	**–**	7,995

4. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income on financial assets measured at amortised cost		
– bank interest income	**2**	1
Government subsidy	**346**	–
Management fee income from related party	**65**	–
Sundry income	**27**	1
	440	2

* Government subsidy have been received from Employee Support Scheme under the Anti-epidemic Fund to support the eligible employers for paying wages of employees from June to November 2020. Employers are required to undertake and warrant that they will not implement redundancies during the subsidy period and spend all the wage subsidies on paying wages to their employees. As at 31 March 2021, there are no unfulfilled conditions or contingencies relating to this subsidy.

5. OTHER NET GAINS/(LOSSES)

	2021	2020
	HK$'000	*HK$'000*
Loss on written off of property, plant and equipment	**(247)**	(38)
Gain on disposal of property, plant and equipment	**1**	–
Gain on disposal of investment property	**87**	–
Impairment loss of property, plant and equipment	**–**	(924)
Gain on disposal of subsidiaries	**99**	141
Written back long outstanding trade and other payables	**610**	–
(Loss)/gain from changes in fair value of financial assets mandatorily measured at FVPL		
– Held for trading	**(261)**	400
Loss on disposal of financial assets at FVPL	**(6,183)**	(252)
Recovery of loan receivable written off in previous year	**2,560**	–
Recovery of trade and other receivable written off in previous year	**4,319**	–
Inventory written-off	**(570)**	(336)
Trade receivables written off	**(16)**	(5,230)
Impairment loss of trade receivables	**–**	(1,284)
Deposit and other receivables written off	**(253)**	(3,025)
Modification loss upon extension of loan receivable	**–**	(4,443)
Net exchange gains	**4**	–
Loan receivables written off	**–**	(2,645)
	150	(17,636)

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2021	2020
	HK$'000	*HK$'000*
Interest on loans from a shareholder	**104**	269
Interest on other borrowings	**578**	260
Interest on promissory notes	**839**	–
Interest on lease liabilities	**212**	300
Total interest expense on financial liabilities not at fair value through profit or loss	**1,733**	829

(b) Staff costs (including directors' emoluments)

	2021	2020
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**5,235**	7,941
Equity-settled share option expense	**5,437**	–
Contributions to defined contribution retirement plans	**204**	193
	10,876	8,134

(c) Other items

	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit service	**800**	1,200
– other service	**580**	188
Cost of inventories	**23,580**	66,191
Depreciation of investment property	**13**	6
Written back on disposal of investment property	**(19)**	–
Depreciation charge		
– owned property, plant and equipment	**1,384**	447
– right-of-use assets	**2,044**	853
	3,428	1,300
Net foreign exchange (gain)/loss	**(4)**	1
(Reversal)/provision for expected credit losses	**(5,265)**	4,337

7. INCOME TAX EXPENSES

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

	2021	2020
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**5,785**	–
Deferred tax-origination and reversal of temporary differences	**–**	1,567
Income tax expenses	**5,785**	1,567

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 2021 is calculated at 16.5% (2020: 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 2020. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

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

8. DIVIDEND

The Board of directors declared an interim dividend of HK$0.0066 per share for 1,535,984,000 issued shares of the Company of approximately HK$10,137,000 during the year ended 31 March 2021 (2020: Nil).

The Board of directors recommend a final dividend of HK$0.0072 per share for 1,535,984,000 issued shares of the Company of approximately HK$11,059,000 for the year ended 31 March 2021 (2020: Nil). The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to the owners of the Company of HK$40,566,000 (2020: loss attributable to the owners of the Company of HK$31,600,000) and the weighted average number of 1,350,132,603 (2020: 1,280,000,000) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

For the year ended 31 March 2021, diluted earnings per share is based on the profit attributable to the owners of the Company of HK$40,566,000 and the weight average number of ordinary shares of 1,359,387,266 in issue during the year ended 31 March 2021. For the year ended 31 March 2020, diluted loss per share is the same as the basic loss per share as there were no potential ordinary shares outstanding during the year ended 31 March 2020.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2021	2020
	HK$000	*HK$000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**40,566**	(31,600)
Shares		
Weighted average of number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,350,132,603**	1,280,000,000
Effect of dilution – weighted average number of ordinary shares		
Share options	**9,254,663**	–
	1,359,387,266	1,280,000,000

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables, net of loss allowance	**1,403**	4,733
Other receivables	**21,374**	268
Financial assets measured at amortised cost	**22,777**	5,001
Prepayments	**372**	223
Deposits	**2,005**	3,549
	25,154	8,773
Representing:		
Current	**25,074**	8,629
Non-current	**80**	144
	25,154	8,773

Prepayments and deposits expected to be recovered or recognised as expense after more than one year is HK$80,000 (2020: HK$144,000).

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:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**641**	4,537
31 to 60 days	**672**	–
61 to 90 days	**–**	106
Over 90 days	**90**	90
	1,403	4,733

11. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**60**	60
Accrued staff salaries	**123**	423
Amounts due to associates *(note (c))*	**–**	3,882
Other payable for acquisition of a subsidiary	**33,250**	–
Other accruals and payables	**11,861**	8,573
Financial liabilities measured at amortised cost	**45,294**	12,938

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

	2021	2020
	HK$'000	*HK$'000*
Over 90 days	**60**	60

(b) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayble 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 2021, 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 2021, the Money Lending Business had generated interest income of approximately HK$4.1 million, representing an increase of approximately 57.5% as compared to that of last financial year.

Wholesaling Business

The Wholesaling Business commenced operation during the year ended 31 March 2019. During the year ended 31 March 2021, there was no revenue generated from Wholesaling Business, which was mainly due to the outbreak of the 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. During the year ended 31 March 2021, certain courses were completed with inspiring achievements and revenue of approximately HK$68.1 million, representing an increase of approximately 21,730.1% as compared to that of last financial year.

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 and the property was disposed during the year ended 31 March 2021 and gain on the disposal of investment property of approximately HK$87,000 was recognised.

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 Asia-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$74.3 million for the year ended 31 March 2020 to approximately HK$96.5 million for the year ended 31 March 2021, representing an increase of approximately 29.9%. During the year ended 31 March 2021, the social unrest and the outbreak of corona virus in Hong Kong eroded customer confidence, the revenue of OEM Business significantly decreased by approximately 40.8% to approximately HK$23.8 million for the year ended 31 March 2021 as compared to the year ended 31 March 2020. The revenue from Retail Business significantly decreased by approximately 94.8% to approximately HK$0.4 million for the year ended 31 March 2021 as compared to the year ended 31 March 2020. On the other hand, the Money Lending Business and Financial Quotient and investment Education Business contributed revenue of approximately HK$4.1 million and HK$68.1 million respectively during the year ended 31 March 2021.

	Year ended 31 March			
	2021		2020	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**23,832**	**24.7**	40,241	54.2
Retail Business	**400**	**0.4**	7,650	10.3
Money Lending Business	**4,126**	**4.3**	2,619	3.5
Wholesaling Business	**–**	**–**	23,449	31.6
Financial Quotient and Investment Education Business	**68,110**	**70.6**	312	0.4
	96,468	**100.0**	74,271	100.0

Cost of Sales

The majority of the Group's cost of sales was raw material costs, labor and operating cost of financial quotient and investment education courses. The Group's cost of sales decreased by approximately 54.6% to approximately HK$30.2 million for the year ended 31 March 2021 as compared to the year ended 31 March 2020.

Expenses

Selling and administrative expenses for the year ended 31 March 2021 was approximately HK$29.2 million (2020: HK$18.5 million), representing an increase of approximately HK$10.7 million. The increase was due to the increase in share option expenses of approximately HK$5.4 million and marketing and administration expenses relating in financial quotient and investment education courses of approximately of HK$8.9 million.

Profit for the year

The profit for the year ended 31 March 2021 was approximately HK$40.4 million. The loss for the year ended 31 March 2020 was approximately HK$34.0 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 March 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK$154,000 and HK$176.8 million respectively (2020: HK$51.2 million and HK$52.6 million respectively).

Cash position

As at 31 March 2021, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$72.9 million (2020: HK$2.1 million), representing a increase of approximately 3,324.6% as compared to that of at 31 March 2020.

Gearing ratio

As at 31 March 2021, the Group's total borrowings (including the promissory notes) were HK$68.6 million (31 March 2020: HK$16.5 million). The gearing ratio was approximately 39.4% as at 31 March 2021 (31 March 2020: approximately 31.4%).

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 2021, the Group has disposed of an inactive subsidiary and a gain of approximately HK$99,000 was generated.

On 11 May 2020, Able Glorious Limited ("Able Glorious"), a direct wholly owned subsidiary of the Company, and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 100% equity interest of Bewisekid Holding Limited ("Bewisekid Group"), at the Consideration of HK$33,250,000, which would be satisfied by the issue and allotment of the shares at the issue price of HK$0.135 per share by the Company. The acquisition was completed on 10 August 2020. Bewisekid Group is principally engaged in provision of seminars on the UK property investment 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.

On 17 August 2020, Able Glorious and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 100% equity interest of Zone Galaxy Limited ("Zone Galaxy Group"), at the Consideration of HK$40,000,000, which would be satisfied by the issue the promissory notes by the Company. Zone Galaxy Group is principally engaged in the development of the business in provision of financial quotient and investment experience-sharing seminars in Hong Kong. Details of the transaction were set out in the Company's announcement dated 17 August 2020.

On 27 October 2020, Able Glorious and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell the remaining 70% equity interest of Prestige Concord Limited ("Prestige Concord Group"), at the Consideration of HK$80,000,000, which would be satisfied by (i) as to HK$41,000,000 by issued of the promissory notes by the Group, (ii) as to HK$29,000,000 by the assumption of the liabilities from the Vendor to the Group; and (iii) as to HK$10,000,000 by cash. The acquisition was completed on 31 March 2021 and Prestige Concord Group became the wholly owned subsidiaries of the Group. Prestige Concord Group is principally engaged in the development of the business in provision of financial quotient and investment experience-sharing seminars in Hong Kong. Details of the transaction were set out in the Company's announcements dated 27 October 2020, 11 December 2020, 30 December 2020, 26 February 2021 and 31 March 2021 and the circular of the Company dated 12 March 2021.

Save for the above acquisitions and disposal and as disclosed elsewhere in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2021.

Save as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 March 2021.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2021 (2020: Nil).

Capital Commitments

The Group had no material capital commitments as at 31 March 2021 (2020: 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 2021.

CORPORATE GOVERNANCE PRACTICES

The Board has adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 15 of the GEM Listing Rules. For the year ended 31 March 2021, save for the deviations as further explained 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 to ensure they comply with the statutory and the CG Code and align with the latest developments.

The Board currently comprises eight members, of which three are executive Directors namely Mr. Lau Chun Kavan, Mr. Yuen Yu Sum and Mr. Chan Lap Jin Kevin and are non-executive Director namely Mr. Law Wing Chung and four are independent non-executive Directors namely Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chung Chin Kwan and Mr. Chung Kwok Pan.

Under the code provision A.2.1 of the Code, the roles of the chairman and the CEO should be separate and should not be performed by the same individual. Mr. Yuen Yu Sum was appointed as the chairman of the Board on 14 April 2021. The Board is in the process of finding an appropriate person to fill the vacancy of the CEO as soon as practicable. Meanwhile, the Board considers that the existing Board members are able to share the power and responsibilities of CEO among themselves.

DIRECTORS' SECURITIES TRANSACTIONS

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the year ended 31 March 2021.

AUDIT COMMITTEE

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

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

The Group's results for the year ended 31 March 2021 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 2021 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Yuen Yu Sam
Chairman and executive Director

Hong Kong, 29 June 2021

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Yuen Yu Sum (Chairman), Mr. Lau Chun Kavan and Mr. Chan Lap Jin Kevin; one non-executive Director, namely, Mr. Law Wing Chung; and four independent non-executive Directors, namely, Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis, Mr. Chung Chin Kwan and Mr. Chung Kwok Pan.

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.