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 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

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 the 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 2015 decreased by approximately 7.9% to approximately HK$350,386,000 (2014: approximately HK$380,445,000).

- Loss for the year ended 31 March 2015 amounted to approximately HK$18,391,000 (2014: profit for the year of approximately HK$7,053,000).

- Total equity attributable to owners of the Company as at 31 March 2015 was approximately HK$128,617,000 (2014: approximately HK$108,331,000).

- Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2015 was approximately HK$0.53 (2014: basic and diluted earnings per share of approximately HK$0.24).

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015.

ANNUAL RESULTS

The board of Directors (the "Board") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2015 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 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Revenue	*4*	**350,386**	380,445
Cost of sales	*9*	**(288,296)**	(309,522)
Gross profit		**62,090**	70,923
Other income	*5*	**6,147**	4,570
Other gains and losses	*6*	**596**	851
Selling and distribution expenses		**(18,004)**	(21,002)
Administrative expenses		**(50,768)**	(40,272)
Listing expenses		**(12,371)**	–
Finance costs	*7*	**(4,135)**	(3,958)
Fair value change in structured bank deposit		**10**	(455)
Gain on disposal of a subsidiary		**–**	815
(Loss) profit before taxation		**(16,435)**	11,472
Income tax expense	*8*	**(1,956)**	(4,419)
(Loss) profit for the year	*9*	**(18,391)**	7,053
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(429)**	669
Total comprehensive (expense) income for the year		**(18,820)**	7,722
(Loss) earnings per share			
Basic (HK cents)	*11*	**(0.53)**	0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**45,232**	53,080
Investment property		**3,240**	3,349
Deposits paid for acquisition of property, plant and equipment		**–**	281
Prepaid lease payments		**4,253**	4,400
Rental deposits		**820**	1,422
Structured bank deposits	*14*	**–**	8,389
Deferred tax assets	*18*	**628**	883
		54,173	71,804
CURRENT ASSETS			
Inventories	*12*	**84,482**	83,008
Trade and other receivables	*13*	**20,347**	23,456
Prepaid lease payments		**112**	113
Amount due from immediate holding company		**–**	9,669
Amount due from a controlling shareholder		**–**	19,722
Amounts due from related parties		**–**	627
Amounts due from Directors		**–**	2,332
Tax recoverable		**959**	3,080
Investments held for trading		**–**	365
Structured bank deposits	*14*	**8,399**	–
Pledged bank deposits	*14*	**6,055**	6,055
Bank balances and cash	*14*	**15,808**	6,787
		136,162	155,214

	Notes	2015 HK$'000	2014 HK$'000
CURRENT LIABILITIES			
Trade payables	*15*	**6,463**	6,336
Others payables and accrued expenses	*15*	**14,798**	18,437
Amount due to a controlling shareholder		**–**	5,030
Amounts due to related parties		**–**	17,503
Amounts due to Directors		**–**	787
Tax payables		**1,505**	2,053
Obligations under finance leases	*16*	**82**	425
Bank borrowings	*17*	**38,635**	67,599
		61,483	118,170
NET CURRENT ASSETS		**74,679**	37,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**128,852**	108,848
NON-CURRENT LIABILITIES			
Obligations under finance leases — due after one year	*16*	**126**	415
Deferred tax liabilities	*18*	**109**	102
		235	517
NET ASSETS		**128,617**	108,331
CAPITAL AND RESERVES			
Share capital	*19*	**40,000**	110
Reserves		**88,617**	108,221
TOTAL EQUITY		**128,617**	108,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 June 2014. The Company's shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 10 October 2014. Its immediate holding company is Yang's Holdings Capital Limited, a private limited company incorporated in the British Virgin Islands and its ultimate holding company is YWH Investment Holding Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yang Wan Ho, who is also the Chairman and Director of the Company. The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Ugland House, Grand Cayman, KY-1104 Cayman Islands and Flat 1, Block C, 11/F, Hong Kong Spinner Industrial Building, Phase 5, 762 Cheung Sha Wan Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the manufacturing, sales and retailing of garment products.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, United States dollars ("US$"). The Directors of the Company consider that presenting the consolidated financial statements in HK$ is preferable when controlling and monitoring the performance and financial position of the Group.

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

Application of amendments to HKFRSs and an interpretation

In the current year, the Group has applied the following amendments to HKFRSs and an interpretation to issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure initiative[5]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Applying the consolidation Exception[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the executive Directors of the Company who are also directors of certain major operating subsidiaries), for the purpose of resource allocation and performance assessment. These executive Directors regularly review revenue and results analysis by (i) OEM Business and (ii) Retail Business. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to these executive Directors.

(i) OEM Business: manufacturing and sales of OEM garment products.

(ii) Retail Business: retailing of garment products under the Group's own brand.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

For the year ended 31 March 2015

	OEM Business	Retail Business	Segment total	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	**318,812**	**31,574**	**350,386**	**–**	**350,386**
Inter-segment sales*	**12,799**	**–**	**12,799**	**(12,799)**	**–**
Total segment revenue	**331,611**	**31,574**	**363,185**	**(12,799)**	**350,386**
Results					
Segment results	**4,501**	**(4,978)**	**(477)**	**–**	**(477)**
Corporate expenses					**(6,205)**
Finance costs					**(4,135)**
Other income and gains					**6,753**
Listing expenses					**(12,371)**
Loss before taxation					**(16,435)**

For the year ended 31 March 2014

	OEM Business *HK$'000*	Retail Business *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue					
External sales	343,387	37,058	380,445	–	380,445
Inter-segment sales*	15,225	–	15,225	(15,225)	–
Total segment revenue	358,612	37,058	395,670	(15,225)	380,445
Results					
Segment results	11,286	(324)	14,296	–	10,962
Corporate expenses					(1,328)
Finance costs					(3,958)
Other income and gains					4,981
Gain on disposal of a subsidiary					815
Profit before taxation					11,472

* Inter-segment revenue is charged at prevailing market rates.

Geographical information

The Group's operations are located in Hong Kong, the United States of America ("USA"), Europe and the PRC.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers, irrespective of the origin of the goods, is detailed below:

	2015 *HK$'000*	2014 *HK$'000*
USA	**307,240**	315,840
Hong Kong	**34,429**	42,942
Europe	**3,084**	17,868
Others	**5,633**	3,795
	350,386	380,445

Information about the Group's non-current assets (excluding deferred tax assets and structured bank deposit) is presented based on the geographical location of the assets is detailed below:

	2015 *HK$'000*	2014 *HK$'000*
PRC	**38,338**	40,414
Hong Kong	**15,207**	22,118
	53,545	62,532

Information about major customers

Revenue from customers of corresponding years contributing over 10% of the Group's revenue are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**242,103**	275,987
Customer B[1]	**36,373**	Note

[1] Revenue from OEM Business

Note: The revenue from Customer B for the year ended 31 March 2014 did not contribute over 10% of the Group's revenue for that year.

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Claim received from customers for cancelled orders	**5,338**	3,234
Rental income	**362**	493
Bank interest income	**6**	8
Others	**441**	835
	6,147	4,570

6. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**525**	–
Change in fair value of investments held for trading	**60**	(53)
Others	**11**	904
	596	851

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**3,915**	3,526
Obligations under finance leases	**40**	43
Amounts due to related parties	**151**	360
Amount due to a controlling shareholder	**29**	29
	4,135	3,958

8. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Hong Kong Profits Tax *(Note i)*		
— current year	**1,291**	3,529
— overprovision in prior years	**–**	(12)
PRC Enterprise Income Tax ("EIT") *(Note ii)*		
— current year	**895**	725
— overprovision in prior years	**(492)**	–
	1,694	4,242
Deferred tax *(Note 18)*	**262**	177
	1,956	4,419

Notes:

(i) Hong Kong

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

(ii) PRC

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

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit before taxation	**(16,435)**	11,472
Tax at Hong Kong Profits tax rate of 16.5% *(Note)*	**(2,712)**	1,893
Tax effect of expenses not deductible for tax purposes	**3,920**	2,604
Tax effect of income not taxable for tax purposes	**–**	(348)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**401**	309
Tax effect of tax losses not recognised	**839**	37
Utilisation of tax losses previously not recognised	**–**	(64)
Overprovision in respect of prior years	**(492)**	(12)
Income tax expense for the year	**1,956**	4,419

Note: The income tax rate in the jurisdiction where the operations of the Group substantially based is used.

9. (LOSS) PROFIT FOR THE YEAR/COST OF SALES

(Loss) profit for the year

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	**5,193**	3,334
Other staff salaries and allowances	**58,391**	55,691
Retirement benefit scheme contributions, excluding those of Directors	**4,423**	2,925
Total employee benefits expenses	**68,007**	61,950
Auditor's remuneration	**1,782**	488
Cost of inventories recognised as an expense	**276,264**	298,239
Depreciation of an investment property	**81**	81
Depreciation of property, plant and equipment	**9,121**	9,709
Amortisation of prepaid lease payments	**113**	113
Allowance of inventories	**425**	1,350
Net exchange loss	**409**	840
Gross rental income from investment property	**(331)**	(306)
Less: Direct operating expenses that generated rental income during the year	**–**	–
	(331)	(306)

Costs of sales

Cost of sales included cost of inventories and other direct operating cost of retail business such as rental of retail shops.

10. DIVIDEND

On 25 September 2014, a dividend of HK$14,717,000 was declared by the Company. The dividend declared was payable to Yang's Holdings Capital Limited.

No dividend has been proposed since the end of the reporting period (2014: Nil).

11. (LOSS) EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(18,391)**	7,053
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**3,473,973**	3,000,000

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for the capitalisation issue as detailed in note 19(vi) and the subdivision of shares as at 20 April 2015.

No diluted (loss) earnings per share has been presented for either period as the Company has no potential dilutive ordinary shares outstanding during both reporting periods.

12. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**37,667**	39,257
Work in progress	**37,634**	36,838
Finished goods	**9,181**	6,913
	84,482	83,008

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**13,247**	19,315
Prepayments, deposits and other receivables	**7,100**	4,141
	20,347	23,456

The Group allows credit period ranging from 30 days to 60 days to customers from OEM Business. For Retail Business, its revenue comprises of cash, credit card sales and concessionaire sales through concession counters in department stores. The credit period granted to banks and department stores ranges from 30 days to 60 days.

The following is an ageing analysis of trade receivables presented based on the invoice date or the monthly statement received from department stores at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**6,668**	16,415
31–60 days	**490**	1,005
61–90 days	**864**	1,744
Over 90 days	**5,225**	151
	13,247	19,315

Before accepting any new customer from OEM Business, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$6,441,000 as at 31 March 2015 (2014: HK$1,906,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
31 to 60 days	**352**	11
61 to 90 days	**864**	1,744
Over 90 days	**5,225**	151
	6,441	1,906

Trade and other receivables denominated in currencies other than the functional currency of the relevant group entities are set out below.

	2015	2014
	HK$'000	*HK$'000*
HK$	**148**	887

14. STRUCTURED BANK DEPOSITS/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Structured bank deposits

On 24 May 2013, the Group entered into a structured contract with a bank with a principal sum of RMB7,000,000 (equivalent to HK$8,844,000). The investment is a principal-protected yield enhancement bank deposit and contains an embedded derivative, with its return determined by reference to the exchange rate of RMB against US$. The principal amount together with the investment return will be repaid to the Group on the maturity date of 11 December 2015. The amount is therefore classified as a non-current asset as at 31 March 2014 and current asset as at 31 March 2015.

The structured bank deposits carry an expected but not guaranteed return of 5% per annum, depending on the exchange rate of RMB against US$ at certain pre-determined dates. The fair value of the embedded derivative in the structured bank deposits is determined based on the mark to market valuation amount provided by the relevant bank.

Pledged bank deposits

Pledged bank deposits of the Group have been pledged to secure short-term banking facilities granted to the Group.

The pledged bank deposits carry interest at the fixed rates 0.01% per annum as at 31 March 2015 (2014: 0.01% to 0.5% per annum).

Bank balances and cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Bank balances carry interest at variable rates which range from 0.01% to 0.25% per annum as at 31 March 2015 (2014: 0.01% to 0.35% per annum).

Pledged bank deposits and bank balances and cash denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
HK$	**16,693**	9,315
Renminbi ("RMB")	**8,792**	8,411

15. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**6,463**	6,336
Commission fee payable	**310**	1,638
Payable for social insurance	**2,463**	3,530
Subcontracting fee payable	**5,855**	5,577
Accrued staff salaries	**1,868**	2,281
Accrued rental expenses	**984**	1,256
Other payables and accrued expenses	**3,318**	4,155
	14,798	18,437

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

	2015	2014
	HK$'000	*HK$'000*
0 to 60 days	**6,091**	5,567
61 to 90 days	**15**	544
Over 90 days	**357**	225
	6,463	6,336

Trade and other payables denominated in currencies other than the functional currency of the relevant group entities are set out below.

	2015	2014
	HK$'000	*HK$'000*
HK$	**8,040**	9,316

16. OBLIGATIONS UNDER FINANCE LEASES

During the year ended 31 March 2014, the Group acquired certain of its motor vehicles under finance leases for a term of 3 to 5 years. Interest rates are fixed at the acquisition date and the effective borrowing rates ranged from 1.75% to 4% per annum as at 31 March 2015 (1.75% to 4% per annum as at 31 March 2014). The leases are on a fixed repayment basis.

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**88**	454	**82**	425
In more than one year but not more than two years	**130**	183	**126**	168
In more than two years but not more than five years	**–**	255	**–**	247
	218	892	**208**	840
Less: future finance charges	**(10)**	(52)	**–**	–
Present value of lease obligations	**208**	840	**208**	840
Less: Amount due for settlement within one year and shown under current liabilities			**(82)**	(425)
Amount due for settlement after one year			**126**	415

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

17. BANK BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Bank borrowings		
— Variable rate trust receipt loans	**36,175**	50,726
— Variable rate packing loans	**2,460**	5,310
— Fixed rate tax loans	**–**	11,563
	38,635	67,599

The bank borrowings of the Group are secured and repayable within one year from the end of the reporting period based on scheduled repayment dates set out in the loan agreements. All the bank borrowings contain a repayable on demand clause, hence, the amounts are shown under current liabilities.

The fixed rate tax loans as at 31 March 2014 carried interest at 4.50% per annum.

The variable rate bank borrowings carry interests at Hong Kong Best Lending Rate quoted by the lender plus 1.75% per annum or prevailing interest rate of the lender plus 1% per annum. The ranges of effective interest rates on borrowings are 4.23% to 6.75% per annum as at 31 March 2015 (2014: 4.01% to 6.75% per annum).

Bank borrowings denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
HK$	**2,460**	27,548

The trust receipt loans of HK$36,175,000 and packing loans of HK$2,460,000 as at 31 March 2015 were secured by:

- Undertakings of certain subsidiaries of the Company and certain related companies
- Pledged bank deposits of HK$6,056,000 and structured bank deposit of HK$8,399,000 as at 31 March 2015
- Life insurance policy entered into by a subsidiary

The trust receipt loans of HK$40,052,000, packing loans of HK$5,310,000 and tax loans of HK$11,563,000 as at 31 March 2014 were secured by:

- Debentures over all assets and undertakings of certain subsidiaries of the Company and certain related companies
- Legal charge over certain properties owned by the controlling shareholder, certain Directors and certain related companies
- Pledged bank deposits of HK$6,055,000 and structured bank deposit of HK$8,389,000 as at 31 March 2014
- Charge over certain plan and equipment with a carrying amount of HK$18,105,000 as at 31 March 2014, owned by a subsidiary
- Unlimited guarantee from the controlling shareholder, certain Directors and certain related companies
- Life insurance policy entered into by a subsidiary

The trust receipt loans of HK$10,674,000 as at 31 March 2014 were also secured by:

- Guarantee by Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme
- Guarantee by Hong Kong Mortgage Corporation Limited under the Small and Medium Enterprise Financing Guarantee Scheme
- Unlimited guarantee from the controlling shareholder and certain Directors

18. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	HK$'000	*HK$'000*
Deferred tax liabilities	**109**	102
Deferred tax assets	**(628)**	(883)
	(519)	(781)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	**Provision for long service payments and social welfare**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	108	(1,066)	(958)
(Credit) charge to profit or loss	(6)	183	177
At 31 March 2014	102	(883)	(781)
(Credit) charge to profit or loss	(5)	267	262
At 31 March 2015	97	(616)	(519)

Under the EIT Law of PRC, starting from 1 January 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned by the subsidiaries established in the PRC from the calendar year 2008 onwards to their foreign shareholders. No deferred taxation has been provided in respect of temporary differences attributable to the undistributed profits of HK$19,340,000 (equivalent to approximately RMB15,380,000) earned by the Group's PRC subsidiaries as at 31 March 2015 (2014: HK$14,701,000 (equivalent to RMB11,675,000)), because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 March 2015, the Group had unused tax losses of approximately HK$13,621,000 (2014: HK$8,551,000). No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams and the unused tax losses may be carried forward indefinitely.

19. SHARE CAPITAL

The issued share capital shown in the consolidated statement of financial position as at 31 March 2014 represented the share capital of L & A Interholdings Inc..

The Company

	Notes	**Number of shares**	**Amount**
			HK$'000
Authorised:			
— At 5 June 2014 (date of incorporation), ordinary shares of US$1.00 each	*(i)*	50,000	390
— Increase in authorised share capital, ordinary shares of HK$0.10 each	*(ii)*	3,800,000	380
— Cancellation of 50,000 ordinary shares of US$1.00 each	*(ii)*	(50,000)	(390)
— Increase in authorised share capital	*(iii)*	996,200,000	99,620
— At 31 March 2015, ordinary shares of HK$0.10 each		1,000,000,000	100,000
Issued and fully paid:			
— Issue of ordinary share at 5 June 2014 (date of incorporation) of US$1.00	*(i)*	1	–
— Issue of ordinary share of HK$0.10	*(ii)*	1	–
— Share repurchased of ordinary share of US$1.00 each	*(ii)*	(1)	–
— Issue of shares upon a group reorganisation	*(iv)*	99,999,999	10,000
— Issue of shares upon placing	*(v)*	100,000,000	10,000
— Capitalisation issue	*(vi)*	200,000,000	20,000
— At 31 March 2015, ordinary shares of HK$0.10 each		400,000,000	40,000

Notes:

(i) The Company was incorporated on 5 June 2014 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares with a nominal value of US$1.00 each and one share of a par value of US$1.00 was allotted and issued fully paid to Mapcal Limited as the initial subscriber, which was transferred to Yang's Holdings Capital Limited, for US$1.00 on the same day.

(ii) Pursuant to the resolutions of the shareholder of the Company dated 7 July 2014, the authorised share capital of the Company was increased from the aggregate of US$50,000 divided into 50,000 shares of a par value of US$1.00 each to the aggregate of (i) US$50,000 divided into 50,000 shares of a par value of US$1.00 each and (ii) HK$380,000 divided into 3,800,000 shares of a par value of HK$0.10 each by the creation of an additional HK$380,000 divided into 3,800,000 shares of a par value of HK$0.10 each. On 8 July 2014, one Share with a par value of HK$0.10 in the Company was allotted and issued as fully paid to Yang's Holdings Capital Limited for a consideration of US$1.00. Immediately after the above allotment and issue having been effected, the Company repurchased one share with a par value of US$1.00 each in issue for a consideration of US$1.00 from Yang's Holdings Capital Limited. Following the repurchase, the authorised but unissued share capital of the Company was reduced by the cancellation of 50,000 shares of a par value of US$1.00 each, such that the authorised share capital of the Company is HK$380,000 divided into 3,800,000 shares of a par value of HK$0.10 each.

(iii) On 18 September 2014, the authorised share capital of the Company was increased from HK$380,000 divided into 3,800,000 shares of a par value of HK$0.10 each to HK$100,000,000 divided into 1,000,000,000 shares of a par value of HK$0.10 each by the creation of additional 996,200,000 new shares under a resolution in writing passed by Yang's Holdings Capital Limited.

(iv) On 18 September 2014, the Company and Yang's Holdings Capital Limited entered into a share swap agreement pursuant to which Yang's Holdings Capital Limited transferred the entire issued capital in L & A Interholdings Inc. to the Company. In consideration of the transfer of the entire issued capital in the L & A Interholdings Inc., the Company allotted and issued 99,999,999 of its own new shares to Yang's Holdings Capital Limited, all credited as fully paid.

(v) Since 10 October 2014, the Company has been listed on the Growth Enterprise Market of the Stock Exchange by way of placing (the "Placing"). Pursuant to the Placing, the Company issued 100,000,000 new shares at the price of HK$0.6 per share. The gross proceeds from the Placing were HK$60,000,000.

(vi) Pursuant to the resolutions of the shareholders passed on 25 September 2014, the Directors of the Company were authorized to allot and issue a total of 200,000,000 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the close of business on 25 September 2014 (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of HK$20,000,000 standing to the credit of the share premium account of the Company as a result of the Placing on 10 October 2014, and the shares allotted and issued under this resolution rank pari passu in all respects with the existing issued shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally derives its revenue from manufacturing and selling pure cashmere apparel and other apparel products under its two business arms: (i) OEM Business segment, which entails product design and development, raw material sourcing and procurement, manufacturing and product quality control management (the "OEM Business") and (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 an established retail network in Hong Kong under the Group's proprietary trademarks, "*Casimira*" and "*Les Ailes*" (the "Retail Business").

For the OEM Business, over the year ended 31 March 2015, the Company noted a tough retail environment globally and experienced an unexpected weakened consumer sentiment. As a result, there was a decrease in pure cashmere products orders placed by our OEM customers. The sales orders of pure cashmere products from our largest customer decreased by 31.4% from approximately 420,000 units for the year ended 31 March 2014 to approximately 288,000 units for the year ended 31 March 2015. Although the total units sold to our largest customer increased by 4.2% to approximately 1,094,000 units, the total revenue from our largest customer decreased by 11.1% from approximately HK$276.0 million for the year ended 31 March 2014 to approximately HK$245.4 million for the year ended 31 March 2015.

On the other hand, due to the good quality of our products, we had successfully obtained more orders from our second largest customer. The revenue from our second largest customer increased from approximately HK$19.5 million for the year ended 31 March 2014 to approximately HK$36.4 million for the year ended 31 March 2015, representing a 86.5% growth.

For the Retail Business, we have opened 5 more retail outlets during the year ended 31 March 2015, located in Fortune Kingswood in Tin Shui Wai, Ma On Shan Plaza in Ma On Shan, Shatin Plaza in Shatin, AEON Store in Kowloon City and Sincere Store in Sheung Wan. On the other hand, 4 retail outlets were closed during the financial year, therefore, the total number of retail outlets increased from 10 as at 31 March 2014 to 11 as at 31 March 2015. The revenue from the Retail Business decreased from approximately HK$37.1 million for the year ended 31 March 2014 to approximately HK$31.6 million for the year ended 31 March 2015, due to the "Occupy Central" Movement which weakened the consumer spending in Hong Kong and the winter season in 2014 warmer than usual.

FINANCIAL REVIEW

Revenue

The Group's revenue declined slightly from approximately HK$380.4 million for the year ended 31 March 2014 to approximately HK$350.4 million for the year ended 31 March 2015, representing a decrease of approximately 7.9%. The revenue of OEM Business decreased by approximately 7.2% to approximately HK$318.8 million for the year ended 31 March 2015 as compared to the year ended 31 March 2014. On the other hand, the revenue from Retail Business decreased by approximately 14.8% to approximately HK$31.6 million for the year ended 31 March 2015 as compared to the year ended 31 March 2014. For the OEM Business, the decrease in revenue was mainly due to a decrease in pure cashmere products sold by approximately 29.7% from 552,000 units to 388,000 units for each of the year ended 31 March 2014 and 2015 respectively. For each of the year ended 31 March 2014 and 2015, the Group sold approximately 149,000 units and 152,000 units from its Retail Business respectively. Although the Group experienced an increase in units sold from 67,000 units to 85,000 units in summer season when compared with last year, as the "Occupy Central" Movement weakened consumer spending in Hong Kong and the winter season in 2014 warmer than usual, the sales in winter season ,the normal peak season for retail business, decreased from approximately HK$27.5 million for the year ended 31 March 2014 to HK$21.3 million for the year ended 31 March 2015. Hence, it partially offset the increase in sales in summer season. The following table sets forth the breakdowns of the revenue of the Group by segment for each of the year ended 31 March 2014 and 2015:

	Year ended 31 March			
	2015		2014	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**318,812**	**91.0**	343,387	90.3
Retail Business	**31,574**	**9.0**	37,058	9.7
	350,386	**100.0**	380,445	100.0

Cost of Sales and Gross Profit

The majority of the Group's cost of sales was raw material costs. The Group's cost of sales dropped by 6.9% to approximately HK$288.3 million for the year ended 31 March 2015 as compared to the year ended 31 March 2014. The gross profit margin slightly decreased from approximately 18.6% for the year ended 31 March 2014 to approximately 17.7% for the year ended 31 March 2015. The gross profit decreased by approximately 12.5% to approximately HK$62.1 million for the year ended 31 March 2015 as compared to the year ended 31 March 2014.

Expenses

Selling and administrative expenses for the year ended 31 March 2015 were approximately HK$81.1 million (year ended 31 March 2014: approximately HK$61.3 million), representing an increase of approximately HK$19.8 million. It is mainly due to the Listing expenses of approximately HK$12.4 million incurred for the year ended 31 March 2015 (year ended 31 March 2014: nil) and the increase of employee benefits expenses such as Directors' remuneration and staff salaries and allowances by approximately HK$6.1 million.

Loss for the year

The loss for the year ended 31 March 2015 was approximately HK$18.4 million. The profit for the year ended 31 March 2014 was approximately HK$7.1 million. The loss was mainly due to the Listing expenses of approximately HK$12.4 million incurred for the year ended 31 March 2015 (year ended 31 March 2014: nil) and the increase of employee benefits expenses such as Directors' remuneration and staff salaries and allowances by approximately HK$6.1 million.

FUTURE PROSPECTS

For OEM Business, the Group anticipates challenges not only from the reducing sales order from our major customers, the Group is also facing ever-increasing cost of productions in the Mainland China. The management will continue to find new customers to widen the customer base and reallocate the resources for production according to the order received, as a result for cost-saving.

For Retail Business, the Group will closely monitor about the consumer's behaviour and will continue the Group's promotion campaign. The Group is also monitoring the movement of the rental of retail outlets and will adjust the expansion plan for Retail Business if necessary. Despite the uncertainties, the Group is still remain positive for the Retail Business.

Furthermore, the Group is also looking for new investment opportunities, especially retail market in the Mainland China.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. The Group's bank borrowings is primarily for financing raw materials purchases. As at 31 March 2015, the Group had bank borrowings of approximately HK$38.6 million (31 March 2014: HK$67.6 million). The decrease was due to the repayment of tax loans and trust receipt loans.

As at 31 March 2015, the bank borrowings of the Group were secured and repayable within one year from the end of the reporting period based on the scheduled repayment dates set out in the loan agreements. The fixed rate tax loans carried interest at 4.50% per annum was fully repaid during the year (31 March 2014: 4.50% per annum). The variable rate bank borrowings carried interests at Hong Kong Best Lending Rate quoted by the lender plus 1.75% per annum or prevailing interest rate of the lender plus 1% per annum. The ranges of effective interest rates on borrowings are 4.23% to 6.75% per annum as at 31 March 2015 (31 March 2014: 4.01% to 6.75% per annum).

As at 31 March 2015, the Group had approximately HK$15.8 million in bank balance and cash (31 March 2014: HK$6.8 million).

On 10 October 2014, the Company was listed on the GEM of the Stock Exchange by way of placing and completed the placing of 100,000,000 shares of the Company (the "Shares") at placing price of HK$0.6 per share. The actual net proceeds from the issue of new Shares under the placing were approximately HK$41.5 million. The Directors believe that with the new capital from the placing of Shares on the GEM, the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

Capital Commitments

The Group did not have any significant capital commitments as at 31 March 2015 (31 March 2014: approximately HK$0.2 million).

Future Plan for Material Investments and Capital Assets

Save as disclosed in the Prospectus of the Company, the Group did not have other plans for material investments and capital assets.

Gearing Ratio

As at 31 March 2015, the Group's gearing ratio was approximately 30.1% (31 March 2014: approximately 84.7%), based on total debt of approximately HK$38.8 million and total equity of approximately HK$128.6 million. The decrease is mainly attributable to the repayment of bank borrowings and amount due to the Directors, shareholders and related parties during the year ended 31 March 2015.

Note: Gearing ratio is calculated as the total debt divided by total equity. Total debt includes bank borrowing, finance lease obligation and amount due to the Directors, shareholders and related parties.

Charge over Assets of the Group

As at 31 March 2015, the Group had pledged deposits of approximately HK$6.1 million (31 March 2014: approximately HK$6.1 million). These deposits were pledged to banks to secure bank facilities granted to the Group. The Group also had motor vehicles acquired under finance leases. As at 31 March 2015, the carrying value of the motor vehicles held under finance leases was approximately HK$236,000 (31 March 2014: HK$477,000).

Significant Investments, Acquisitions and Disposals

There were no significant investments held as at 31 March 2015, nor other material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2015.

Contingent Liabilities

As at 31 March 2015, the Group had no material contingent liabilities (2014: nil).

Foreign Exchange Risk

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

Employees and Remuneration Policies

As at 31 March 2015, the Group had a total of 491 employees. The Group's staff cost for the year ended 31 March 2015 amounted to approximately HK$68.0 million. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowance.

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

Dividend

The Board does not recommend the payment of a final dividend for the Year (2014: nil).

Events after the Reporting Period

The following events took place subsequent to 31 March 2015:

(a) On 17 April 2015, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with an independent third party to explore the possibility of participating in a children's apparel retail business in the PRC (the "Proposed Acquisition"). Upon execution of the MOU, the Company amongst others, will have a legally binding six months exclusivity to negotiate with the counter party or such date that the parties may mutually agree, as well as legal obligations to maintain confidentiality of the Proposed Acquisition.

(b) Pursuant to an ordinary resolution passed at a special general meeting of the Company on 20 April 2015, the share subdivision of every one issued and unissued ordinary share of HK$0.10 each in the share capital of the Company into ten subdivided shares of HK$0.01 each, such that the authorised share capital of the Company is HK$100,000,000 divided into 10,000,000,000 shares with a par value of HK$0.01 each was approved.

(c) On 29 May 2015, the Company entered into another MOU, with an independent third party which intends to secure its globally recognized fashion apparel retail business and operate its business in multiple cities in the PRC (the "Proposed Investment"). The Company is interested in participating in the Proposed Investment and is willing to explore various opportunities of the Proposed Investment with the counter party. Upon execution of the MOU, the Company amongst others, will have a legally binding six months exclusivity to negotiate with the counter party or such date that the parties may mutually agree, as well as legal obligations to maintain confidentiality of the Proposed Investment.

Use of Proceeds from the Placing of Shares

The net proceeds from the Placing from the date of listing, i.e. 10 October 2014 (the "Date of Listing"), to 31 March 2015 had been applied as follows:

	Adjusted use of proceed in the same manner and proportion as stated in prospectus	Planned amount utilised up to 31 March 2015	Actual utilised amount up to 31 March 2015
	HK$'000	*HK$'000*	*HK$'000*
Expansion of the OEM Business	26,140	11,301	8,250
Expansion of the Retail Business	11,194	3,260	2,429
General working capital	4,118	4,118	4,118
Total	41,452	18,679	14,797

As disclosed in the Company's announcement dated 24 June 2015, the Board has utilized approximately HK$15 million of the net proceeds from the Placing to lower the interest expense of the Group. The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing marketing conditions to ascertain the business growth of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the Date of Listing to the year ended 31 March 2015.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Apart from the reorganization in relation to the listing of the shares of the Company, during the year ended 31 March 2015, there was no material acquisition, disposal or investment by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 87.8% of the total sales for the year ended 31 March 2015 and sales to the largest customer included therein accounted for approximately 70.0% of the total sales for the year ended 31 March 2015. Purchase from the Group's five largest suppliers accounted for approximately 83.9% of the total purchase for the year ended 31 March 2015 and purchase from the Group largest supplier included therein accounted for approximately 30.3% of the total purchase for the year ended 31 March 2015.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any their respective associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

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

During the period from the Date of Listing to 31 March 2015, the Company has complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the share of the Company. Upon specific enquiry, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct of securities transactions by Directors from the Date of Listing to 31 March 2015.

AUDIT COMMITTEE

The Company established the Audit Committee on 25 September 2014 with written terms of reference which are in compliance with the code provision of the Code. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee internal control procedures of the Company. The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan (Chairman), Mr. Chan Chi Keung Alan and Ms. Cheung Marn Kay.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the Group for the year ended 31 March 2015.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held at 11a.m. on 30 July 2015 (Thursday) at Flat 1, Block C, 11/F, Hong Kong Spinner Industrial Building, Phase 5, 762 Cheung Sha Wan Road, Kowloon, Hong Kong. For determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 29 July 2015 (Wednesday) to 30 July 2015 (Thursday), both days inclusive, during which period no transfer of shares will be registered. The record date will be 30 July 2015 (Thursday). In order to qualify for attending the forthcoming AGM all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on 28 July 2015 (Tuesday).

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lna.com.hk) respectively. The annual report of the Company for the year ended 31 March 2015 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites.

By Order of the Board
L & A INTERNATIONAL HOLDINGS LIMITED
Yang Wan Ho
Chairman and Executive Director

Hong Kong, 24 June 2015

As at the date of this announcement, the executive Directors are Mr. Yang Wan Ho, Mr. Yang Si Hang and Mr. Yang Si Kit Kenny; the non-executive Director is Ms. Rubby Chau; the independent non-executive Directors are Mr. Chan Chi Keung Alan, Ms. Cheung Marn Kay and Mr. Chan Ming Sun Jonathan.