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 2016

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 2016 decreased by approximately 40.0% to approximately HK$210,354,000 (2015: approximately HK$350,386,000).

— Loss for the year ended 31 March 2016 amounted to approximately HK$29,302,000 (2015: loss for the year of approximately HK$18,391,000).

— Total equity attributable to owners of the Company as at 31 March 2016 was approximately HK$93,762,000 (2015: approximately HK$128,617,000).

— Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2016 was approximately HK$0.15 (2015: basic and diluted loss per share of approximately HK$0.11).

— The Board does not recommend the payment of a final dividend for the year ended 31 March 2016.

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 2016 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 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*4*	**210,354**	350,386
Cost of sales	*9*	**(189,978)**	(288,296)
Gross profit		**20,376**	62,090
Other income	*5*	**6,142**	6,147
Other gains and losses	*6*	**2,916**	596
Selling and distribution expenses		**(11,498)**	(18,004)
Administrative expenses		**(44,899)**	(50,768)
Listing expenses		**–**	(12,371)
Finance costs	*7*	**(2,425)**	(4,135)
Fair value change in pledged structured bank deposit		**(23)**	10
Gain on disposal of a subsidiary	*20*	**3,304**	–
Loss before tax		**(26,107)**	(16,435)
Income tax expense	*8*	**(3,195)**	(1,956)
Loss for the year attributable to owners of the Company	*9*	**(29,302)**	(18,391)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(2,305)**	(429)
Release of translation reserve arising on disposal of a subsidiary		**(3,248)**	–
Other comprehensive expense for the year		**(5,553)**	(429)
Total comprehensive expense for the year		**(34,855)**	(18,820)
Loss per share			
Basic (HK cents)	*11*	**(0.15)**	(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**17,367**	45,232
Investment property		**3,033**	3,240
Prepaid lease payments		**3,549**	4,253
Rental deposits		**200**	820
Deferred tax assets	*18*	**17**	628
		24,166	54,173
CURRENT ASSETS			
Inventories	*12*	**51,948**	84,482
Trade and other receivables	*13*	**42,566**	20,347
Prepaid lease payments		**96**	112
Tax recoverable		**–**	959
Pledged structured bank deposit	*14*	**–**	8,399
Pledged bank deposits	*14*	**14,418**	6,055
Bank balances and cash	*14*	**16,938**	15,808
		125,966	136,162
CURRENT LIABILITIES			
Trade payables	*15*	**14,105**	6,463
Others payables and accrued expenses	*15*	**10,113**	14,798
Tax payables		**3,092**	1,505
Obligations under finance leases	*16*	**–**	82
Bank borrowings	*17*	**29,037**	38,635
		56,347	61,483
NET CURRENT ASSETS		**69,619**	74,679
TOTAL ASSETS LESS CURRENT LIABILITIES		**93,785**	128,852

	Notes	**2016**	2015
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Obligations under finance leases			
— due after one year	*16*	**–**	126
Deferred tax liabilities	*18*	**23**	109
		23	235
NET ASSETS		**93,762**	128,617
CAPITAL AND RESERVES			
Share capital	*19*	**40,000**	40,000
Reserves		**53,762**	88,617
TOTAL EQUITY		**93,762**	128,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Pursuant to the enforcement of the share charge on 11 May 2016 which reduced the shareholding interests of Yang's Holdings Capital Limited, a private limited company incorporated in the British Virgin Islands, from 51.02% to 30.02%, Yang's Holdings Capital Limited ceased to be the immediate holding company. Accordingly, the holding company of Yang's Holding Capital Limited, YWH Investment Holding Limited, a private limited company incorporated in the British Virgin Islands and Mr. Yang Wan Ho also ceased to be the ultimate holding company and ultimate controlling shareholder on 11 May 2016, respectively. Details of the above are set out in the Company's announcements dated 22 April 2016 and 11 May 2016.

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")

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs 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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable methods of Depreciation and Amortization[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 Effective for annual periods beginning on or after a date to be determined

3. SIGNIFICANT ACCOUNTING POLICIES

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 2016

	OEM Business *HK$'000*	Retail Business *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue					
External sales	**184,161**	**26,193**	**210,354**	**–**	**210,354**
Inter-segment sales*	**11,608**	**–**	**11,608**	**(11,608)**	**–**
Total segment revenue	**195,769**	**26,193**	**221,962**	**(11,608)**	**210,354**
Results					
Segment results	**(16,241)**	**(8,700)**	**(24,941)**	**–**	**(24,941)**
Corporate expenses					**(11,080)**
Finance costs					**(2,425)**
Fair value change in pledged structured bank deposit					**(23)**
Other income, and other gains and losses					**9,058**
Gain on disposal of a subsidiary					**3,304**
Loss before tax					**(26,107)**

For the year ended 31 March 2015

	OEM Business *HK$'000*	Retail Business *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Total *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)
Fair value change in pledged structured bank deposit					10
Other income and gains					6,743
Listing expenses					(12,371)
Loss before tax					(16,435)

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents loss incurred from each segment without allocation of other income, other gains and losses, certain corporate expenses, gain on disposal of a subsidiary, fair value change in pledged structured bank deposit, listing expenses and 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.

Other segment information

Year ended 31 March 2016

	OEM Business ***HK$'000***	**Retail Business** ***HK$'000***	**Total** ***HK$'000***
Amounts included in the measure of segment results:			
Depreciation of property, plant and equipment	**4,609**	**599**	**5,208**
Depreciation of an investment property	**79**	**–**	**79**
Release of prepaid lease payments	**109**	**–**	**109**
Gain on disposal of property, plant and equipment	**2,925**	**–**	**2,925**
Allowance for inventories	**14,176**	**770**	**14,946**
Additions to non-current assets	**17**	**198**	**215**

Year ended 31 March 2015

	OEM Business *HK$'000*	Retail Business *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results:			
Depreciation of property, plant and equipment	8,345	776	9,121
Depreciation of an investment property	81	–	81
Release of prepaid lease payments	113	–	113
Gain on disposal of property, plant and equipment	525	–	525
Allowance for inventories	425	–	425
Additions to non-current assets	1,195	627	1,822

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:

	2016 ***HK$'000***	2015 *HK$'000*
USA	**183,311**	307,240
Hong Kong	**26,382**	34,429
Europe	**477**	3,084
Others	**184**	5,633
	210,354	350,386

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

	2016 ***HK$'000***	2015 *HK$'000*
PRC	**22,073**	38,338
Hong Kong	**2,076**	15,207
	24,149	53,545

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A[1]	**160,656**	242,103
Customer B[1*]	**N/A**	36,373

[1] Revenue from OEM business

* For the year ended 31 March 2016, revenue from Customer B did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Claim received from customers for cancelled orders	**5,541**	5,338
Rental income	**80**	362
Bank interest income	**6**	6
Others	**515**	441
	6,142	6,147

6. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**2,925**	525
Change in fair value of investments held for trading	**–**	60
Others	**(9)**	11
	2,916	596

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**2,418**	3,915
Obligations under finance leases	**7**	40
Amounts due to related parties	**–**	151
Amount due to a controlling shareholder	**–**	29
	2,425	4,135

8. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— current year	**2,167**	1,291
— overprovision in prior years	**(40)**	–
PRC Enterprise Income Tax ("EIT")		
— current year	**543**	895
— overprovision in prior years	**–**	(492)
	2,670	1,694
Deferred tax *(Note 18)*	**525**	262
	3,195	1,956

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

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 before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before taxation	**(26,107)**	(16,435)
Tax at Hong Kong Profits tax rate of 16.5% *(Note)*	**(4,308)**	(2,712)
Tax effect of expenses not deductible for tax purposes	**3,653**	3,920
Tax effect of income not taxable for tax purposes	**(964)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(205)**	401
Tax effect of temporary differences not recognised	**2,339**	–
Tax effect of tax losses not recognised	**2,720**	839
Overprovision in respect of prior years	**(40)**	(492)
Income tax expense for the year	**3,195**	1,956

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

9. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' remuneration	**7,517**	5,193
Other staff salaries and allowances	**44,358**	58,391
Retirement benefit scheme contributions, excluding those of directors	**1,031**	4,423
Total employee benefits expenses	**52,906**	68,007
Auditor's remuneration (including non-audit services)	**1,749**	1,782
Cost of inventories recognised as an expense *(note)*	**164,493**	276,264
Depreciation of an investment property	**79**	81
Depreciation of property, plant and equipment	**5,208**	9,121
Amortisation of prepaid lease payments	**109**	113
Allowance for inventories	**14,946**	425
Allowance for doubtful debts	**257**	–
Net exchange loss	**646**	409
Rental income from an investment property	**(80)**	(331)

Note: Cost of sales included cost of inventories, allowance 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 for the current reporting period or since the end of the reporting period (2015: nil).

11. LOSS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company For the purpose of basic loss per share	**(29,302)**	(18,391)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**20,000,000**	17,369,863

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the subdivision of shares as at 20 April 2015 and 22 June 2016.

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

12. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Raw materials	**38,108**	37,667
Work in progress	**5,835**	37,634
Finished goods	**8,005**	9,181
	51,948	84,482

13. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**23,556**	13,247
Prepayments	**1,682**	3,165
Deposits	**2,536**	2,790
Other receivable	**643**	1,145
Consideration receivable *(note 20)*	**14,149**	–
	42,566	20,347

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. Trade receivables under credit card sales and concessionaire sales are due within 7 days to 60 days.

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

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**21,412**	6,668
31–60 days	**444**	490
61–90 days	**202**	864
Over 90 days	**1,498**	5,225
	23,556	13,247

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$2,007,000 as at 31 March 2016 (2015: HK$6,441,000) 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:

	2016	2015
	HK$'000	*HK$'000*
31 to 60 days	**307**	352
61 to 90 days	**202**	864
Over 90 days	**1,498**	5,225
	2,007	6,441

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

	2016	2015
	HK$'000	*HK$'000*
RMB	**14,522**	–
HK$	**24**	148

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

Pledged structured bank deposit

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$8,844,000). The investment was a principal-protected yield enhancement bank deposit and contains an embedded derivative, with its return determined by reference to the exchange rate of RMB against US$. The principal amount together with the investment return was repaid to the Group on the maturity date of 11 December 2015. The amount was therefore classified as a current asset as at 31 March 2015.

The pledged structured bank deposits carried 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 was 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 2016 (2015: 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 0.5% per annum as at 31 March 2016 (2015: 0.01% to 0.25% 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:

	2016	2015
	HK$'000	*HK$'000*
HK$	**7,726**	16,693
Renminbi ("RMB")	**8,378**	8,792

15. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**14,105**	6,463
Commission fee payable	**–**	310
Payable for social insurance	**43**	2,463
Subcontracting fee payable	**4,837**	5,855
Accrued staff salaries	**1,068**	1,868
Accrued rental expenses	**535**	984
Accrued expenses	**1,993**	1,481
Other payables	**1,637**	1,837
	10,113	14,798

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

	2016	2015
	HK$'000	*HK$'000*
0 to 60 days	**13,808**	6,091
61 to 90 days	**7**	15
Over 90 days	**290**	357
	14,105	6,463

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

	2016	2015
	HK$'000	*HK$'000*
HK$	**1,537**	8,040

16. OBLIGATIONS UNDER FINANCE LEASES

For the year ended 31 March 2015, the Group had certain of its motor vehicles under finance leases for a term of 3 to 5 years (2016: nil). Interest rates are fixed at the acquisition date and the effective borrowing rates ranged from 1.75% to 4% (2016: nil) per annum as at 31 March 2015. The leases are on a fixed repayment basis.

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**–**	88	**–**	82
In more than one year but not more than two years	**–**	130	**–**	126
	–	218	**–**	208
Less: future finance charges	**–**	(10)	**–**	–
Present value of lease obligations	**–**	208	**–**	208
Less: Amount due for settlement within one year and shown under current liabilities			**–**	(82)
Amount due for settlement after one year			**–**	126

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

17. BANK BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Bank borrowings		
— Variable rate trust receipt loans	**11,816**	36,175
— Variable rate packing loans	**–**	2,460
— Variable rate advance to manufacturer loans	**17,221**	–
	29,037	38,635

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 bank borrowings carry interests at Trade Finance Rate quoted by the lender plus 1.00% to 1.75% per annum (2015: 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 2.01% to 6.75% per annum as at 31 March 2016 (2015: 4.23% to 6.75% per annum).

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

	2016	2015
	HK$'000	*HK$'000*
HK$	–	2,460

The loans as at 31 March 2016 were secured by:

- Undertakings of certain subsidiaries of the Company; and
- Pledged bank deposits of HK$14,418,000 as at 31 March 2016.

The loans as at 31 March 2015 were secured by:

- Undertakings of certain subsidiaries of the Company and certain related companies;
- Debentures over all assets and undertakings of certain subsidiaries of the Company and certain related companies;
- Pledged bank deposits of HK$6,055,000 and pledged structured bank deposit of HK$8,399,000 as at 31 March 2015; and
- Life insurance policy entered into by a subsidiary.

As at 31 March 2015, the Group has available undrawn banking facilities of HK$25,963,000 (2016: nil).

During the current year, the Group could not comply with certain bank covenant under the bank facility, which are primarily related to the consolidated tangible net worth of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a re-negotiation of the terms of the borrowings with the relevant banker. As at 31 March 2016, the relevant bank borrowings amounted to approximately HK$29,037,000. In addition, on 11 May 2016, the Group further breached another covenant requirement as the Group could not comply with the shareholding requirement pursuant to the enforcement of share charge. Up to the date of approval for issuance of these consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender calls for immediate repayment of the borrowings, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

18. DEFERRED TAX ASSETS/LIABILITIES

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

	2016	2015
	HK$'000	*HK$'000*
Deferred tax liabilities	**23**	109
Deferred tax assets	**(17)**	(628)
	6	(519)

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 2014	102	(883)	(781)
(Credit) charge to profit or loss	(5)	267	262
At 31 March 2015	97	(616)	(519)
(Credit) charge to profit or loss	(91)	616	525
At 31 March 2016	6	–	6

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$11,529,600 (equivalent to approximately RMB8,966,000) earned by the Group's PRC subsidiaries as at 31 March 2016 (2015: HK$19,340,000 (equivalent to RMB15,380,000)), 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 2016, the Group had unused tax losses of approximately HK$30,099,000 (2015: HK$13,621,000). 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.

As at 31 March 2016, the Group has deductible temporary differences on allowance for inventories of HK$14,946,000 (2015: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

19. SHARE CAPITAL

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
— Increase in authorised share capital, ordinary shares of HK$0.10 each	*(vii)*	9,000,000,000	–
— At 31 March 2016, ordinary shares of HK$0.01 each		10,000,000,000	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
— Share subdivision of HK$0.01 each	*(vii)*	3,600,000,000	–
— At 31 March 2016, ordinary shares of HK$0.01 each		4,000,000,000	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 authorised 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.

(vii) Pursuant to the resolutions of the shareholders passed at an extraordinary general meeting of the Company on 20 April 2015, every one issued and unissued ordinary share with a par value of HK$0.10 each in the share capital of the Company be subdivided into 10 ordinary shares with a par value 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, the subdivided shares shall rank pari passu in all aspects with each other in accordance with the memorandum and articles of association of the Company.

20. DISPOSAL OF A SUBSIDIARY

On 10 March 2016, the Group completed the disposal of its entire equity interest in a subsidiary, Ganzhou Rise More Knitters Ltd ("Ganzhou Rise More"), at a consideration of RMB11,800,000 (equivalent to HK$14,149,000). The net assets of Ganzhou Rise More at the date of disposal were as follows:

	HK$'000
Consideration received:	
Cash consideration receivable *(Note)*	14,149
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	12,747
Prepaid lease payments	437
Other receivables	2
Tax recoverable	806
Bank balances and cash	25
Other payables and accrued expenses	(49)
Net assets disposed of	13,968
Gain on disposal of a subsidiary:	
Consideration	14,149
Net assets disposed of	(13,968)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	3,248
	3,429
Less: transaction costs	(125)
Gain on disposal	3,304
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(25)
Transaction costs	(125)
	(150)

Note: The consideration receivable would be settled in cash by the purchaser within one year from the date of disposal.

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 2016, the Company noted a tough retail environment globally and experienced an unexpected weakened consumer sentiment. Shopping trends in the United States of America ("US") have begun to shift from major branded apparels to large affordable fashion retailers, and spending patterns have begun to shift towards a higher willingness to spend on electronics products instead. As a result, major apparel brands in the US are experiencing this pressure, resulting in a wave of cost cutting, store closures and clearance sales of their products this year. This trend is particularly evident for mid-market brands which find it difficult to charge excessive premium for their products or lower their costs sufficiently to compete with the larger fashion retailers. Unfortunately, our products rely on the performance of these mid-market retailers in the US and their poor performance has negatively impacted us in this quarter and is expected to continue throughout the year. While we do not foresee the disappearance of this market segment, we do expect reduced sales from them, as well as higher demand from them for cost control and lower priced products. Based on our long term experience in this industry, we believe this is part of the cyclical nature of the fashion industry. While we have stepped up the efforts in controlling our expenses, we are also looking for innovative ways to weather this downturn and at the same time look for opportunities in any niche segments on which we could utilise our know-how in cashmere garment manufacturing.

For the Retail Business, the decline of revenue is mainly attributable to the weak consumer market prolonged by the sluggish economy, low level of consumer sentiment and the rather unpleasant shopping atmosphere in Hong Kong. These factors have caused the number of Chinese tourists in Hong Kong to decline. Additionally, the warmest November ever recorded in Hong Kong last year, aggravated the already weakened demand for its cashmere garments.

During the year, the Group had no material changes in its business nature and principal activities.

FINANCIAL REVIEW

Revenue

The Group's revenue declined from approximately HK$350.4 million for the year ended 31 March 2015 to approximately HK$210.4 million for the year ended 31 March 2016, representing a decrease of approximately 40.0%. The revenue of OEM Business decreased by approximately 42.2% to approximately HK$184.2 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015. On the other hand, the revenue from the Retail Business decreased by approximately 17.0% to approximately HK$26.2 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

For the OEM Business, sales orders for pure cashmere products dropped by approximately 34.28% from 388,000 units to 255,000 units for each of the year ended 31 March 2015 and 2016 respectively. The decrease in revenue was mainly due to a tough retail environment in US, which is the Group's key market, sales orders dropped significantly when compared with last year. As a result, total sales to the Group's top 5 customers dropped by approximately HK$122.4 million as compared to the year ended 31 March 2015. For the Retail Business, the Group sold approximately 152,000 units and 136,000 units from its Retail Business for each of the year ended 31 March 2015 and 2016 respectively. The decrease in revenue was mainly due to weak consumer market prolonged by the sluggish economy which caused the number of Chinese tourists in Hong Kong to decline, and warmer weather in winter as compared with last year.

	Year ended 31 March			
	2016		2015	
	HK$'000	***%***	*HK$'000*	*%*
OEM Business	**184,161**	**87.5**	318,812	91.0
Retail Business	**26,193**	**12.5**	31,574	9.0
	210,354	**100.0**	350,386	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 34.1% to approximately HK$190.0 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015. The gross profit margin decreased from approximately 17.7% for the year ended 31 March 2015 to approximately 9.7% for the year ended 31 March 2016. The gross profit decreased by approximately 67.2% to approximately HK$20.4 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Expenses

Selling and administrative expenses (exclude listing expenses) for the year ended 31 March 2016 were approximately HK$56.4 million (year ended 31 March 2015: approximately HK$68.8 million), representing a decrease of approximately HK$12.4 million. It is mainly due to costs control and decrease of employee benefits expenses.

Loss for the year

The loss for the year ended 31 March 2016 was approximately HK$29.3 million. The loss for the year ended 31 March 2015 was approximately HK$18.4 million.

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 are primarily for financing raw materials purchases. As at 31 March 2016, the Group had bank borrowings of approximately HK$29.0 million (31 March 2015: HK$38.6 million). The decrease was due to less loans borrowing and repayment of loans.

The variable rate bank borrowings carried interests at Trade Finance Rates quoted by the lender plus 1.00% or 1.75% per annum. The ranges of effective interest rates on borrowing are 2.01% to 6.75% per annum as at 31 March 2016 (31 March 2015: 4.23% to 6.75% per annum).

As at 31 March 2016, the Group had approximately HK$16.9 million in bank balance and cash (31 March 2015: HK$15.8 million).

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 March 2016 and 2015.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 30 September 2014 (the "Prospectus") and this announcement of the Company, the Group did not have other plans for material investments and capital assets.

GEARING RATIO

As at 31 March 2016, the Group's gearing ratio was approximately 31.0% (31 March 2015: approximately 30.2%), based on total debt of approximately HK$29.0 million and total equity of approximately HK$93.8 million.

Note: Gearing ratio is calculated as the total debt divided by total equity. Total debt includes bank borrowing, finance lease obligation.

CHARGE OVER ASSETS OF THE GROUP

As at 31 March 2016, the Group had pledged deposits of approximately HK$14.4 million (31 March 2015: pledged bank deposits of approximately HK$6.1 million and pledged structured bank deposit of approximately HK$8.4 million). These deposits were pledged to banks to secure bank facilities granted to the Group. The motor vehicles acquired under finance leases have been fully repaid during the year. As at 31 March 2016, the carrying value of the motor vehicles held under finance leases was nil (31 March 2015: HK$232,000).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

There were no significant investments held as at 31 March 2016, nor other material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2016.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group had no material contingent liabilities (2015: 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 2016, the Group employed approximately of 152 employees. The Group's staff cost for the year ended 31 March 2016 amounted to approximately HK$52.9 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》).

RETIREMENT BENEFITS PLANS

In Hong Kong, the Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong).

Pursuant to the applicable PRC laws and regulations, the Group participates in contributing to various security insurance including social insurance and housing provident fund.

No forfeited contributions are available to reduce the contribution payable by the Group in future years.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress for the year ended 31 March 2016.

Business plan as set out in the Prospectus	Progress up to 31 March 2016
Expansion of the Group's OEM Business	
Purchase of cashmere yarns	The fund has been used to purchase cashmere yarns for production.
Marketing and promotion activities	The Group met OEM customers regularly for exchange of new ideas in respect of fashion market trend and introducing the Group's craftsmanship in knitting.
Purchase of new production machineries	The funds have been used to maintain the productivity of the existing machineries.
Improving water quality systems	Some funds have been used to improve the water quality systems.
Expansion of the Retail Business	
Establish new Concession Stores or Free-Standing Stores	The Group has set up 1 Free-Standing Stores and 1 Concession Stores during the year. The Group is reviewing the needs and timeframe for establishing new retail outlets.
Brand promotional and marketing activities	The Group has placed various advertisements on magazines during the period. The Group is planning to escalate its marketing efforts by continuing existing advertising activities on a more extensive scale.
Upgrading ERP system	Due to the change in use of proceeds as disclosed in the announcements of the Company dated 25 June 2015 and 16 July 2015, there is no further progress in respect of upgrading ERP system.

Reference is also made to the announcements of the Company dated 25 June 2015 and 16 July 2015 relating to the change in use of proceeds. The plan to purchase of new production machineries and upgrade its ERP System as scheduled and disclosed in the Prospectus was changed (see the information under the heading of "**USE OF PROCEEDS FROM THE PLACING OF SHARES**" of this announcement).

PRINCIPAL RISKS AND UNCERTAINTIES

Operational Risk

The Group is exposed to the operational risk in relation to each business division of the Group. To manage the operational risk, the management of each business division is responsible for monitoring the operation and assessing the operational risk of their respective business divisions. They are responsible for implementing the Group's risk management policies and procedures and shall report any irregularities in connection with the operation of the projects to the Directors and seek directions. The Group emphasises on ethical value and prevention of fraud and bribery and has established a whistleblower program, including communication with other departments and business divisions and units, to report any irregularities. In this regard, the Directors consider that the Group's operational risk is effectively mitigated.

Financial Risks

The Group is exposed to the credit risk and liquidity risk.

Credit Risk

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Liquidity Risk

The Directors has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

In the management of liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as a significant source of liquidity.

The management monitors the utilisation of bank borrowings. The Group successfully renewed bank facilities that fell due during the year ended 31 March 2016. In addition, management maintains continuous communication with the Group's relevant banks on the renewal of existing bank facilities that have bank covenants breached as explained in note 17. While re-negotiation of terms of the borrowings with the relevant banker is still in progress, the directors of the Company have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant bank which enables the Group to ultimately reach a successful conclusion in negotiating the terms of the bank borrowings. Up to the date of approval for issuance of these financial statements, the directors of the Company are not aware of any present intention of the Group's principal banks to withdraw their bank facilities granted or request early repayment of the utilised facilities.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The net proceeds from the listing of the shares of the Company by way of placing on the GEM of the Stock Exchange ("Placing") were approximately HK$41.5 million, which was based on the final placing price of HK$0.6 per share after deducting the underwriting commission and actual expenses related to the Placing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus.

As disclosed in the Company's announcements dated 24 June 2015 and 16 July 2015, the Board has utilised approximately HK$15.0 million of the net proceeds from the Placing as deposit to trade facilities account in order to lower the interest expense of the Group.

During the year, the Group has applied the net proceeds as follows:

	Adjusted use of proceeds in the same manners and proportion as stated in prospectus and announcements dated 24 June 2015 and 16 July 2015	**Actual utilised amount up to 31 March 2016**
	HK$'000	*HK$'000*
Expansion of the OEM Business	15,640	14,143
Expansion of the Retail Business	6,694	4,174
Deposit to trade facilities account	15,000	15,000
General working capital	4,118	4,118
Total	41,452	37,435

EVENTS AFTER THE REPORTING PERIOD

Share charge by Yang's Holdings Capital Limited

On 21 April 2016, Yang's Holdings Capital Limited executed a share charge over 840,000,000 shares (the "Share Charge") in the share capital of the Company in favour of a licensed money lender in Hong Kong as security for a term loan facility granted to Yang's Holdings Capital Limited. On 11 May 2016, the Share Charge has been enforced and transferred to independent third party(ies). As a result of the enforcement, the shareholding interests of Yang's Holdings Capital Limited in the Company was reduced.

Acquisition of 55.56% equity interest in Aji On Worldwide Holdings Company Limited

On 22 April 2016, the Company entered into the acquisition agreement with the Independent Third Party to acquire 55.56% equity interest in Aji On Worldwide Holdings Company Limited for a consideration of HK$13,000,000. Since the applicable percentage ratios of the acquisition is less than 5%, the acquisition did not constitute a disclosable transaction under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, the acquisition has been completed.

Acquisition of 47.63% equity interest of Red 5 Studios, Inc.

On 28 April 2016, after trading hours, the Company entered into the acquisition agreement to acquire 47.63% equity interest of Red 5 Studios, Inc. for a total consideration of US$76,500,000. As at the date of this announcement, the acquisition has been completed. Please refer to announcement of the Company dated 28 April 2016 and 20 June 2016 for further details.

The Strategic Cooperation Framework Agreement

On 12 May 2016, after trading hours, the Company, Shanghai Asia Television Art Center and Red 5 Studios, Inc. entered into the Strategic Cooperation Framework Agreement, pursuant to which the parties agreed to have a long term strategic cooperation relationship in areas including but not limited to, (i) extension of the scope of applications of intellectual property in games; (ii) investments in movies and TV series; (iii) exchanges on culture and arts; (iv) investments in operations of the games and movies production base; (v) augmented reality/virtual reality of games; and (vi) investments in advertising-media management.

The Strategic Cooperation Framework Agreement merely provides a framework of cooperation between the parties. The terms of cooperation contemplated under the Strategic Cooperation Framework Agreement are subject to the terms of any definitive agreements which the parties may subsequently enter into from time to time. The Board wishes to emphasize that as at the date of this announcement, the parties have not entered into any legally binding agreements in relation to any specific strategic cooperation plans.

Please refer to announcement of the Company dated 12 May 2016 for further details.

Share Subdivision

On 6 June 2016, the Board proposed to subdivide every one (1) issued and unissued ordinary share of HK$0.01 each in the share capital of the Company into five (5) subdivided shares of HK$0.002 each, such that the authorized share capital of the Company is $100,000,000 divided into 50,000,000,000 shares with a par value of HK$0.002 each. The above share subdivision was approved by the Company's shareholders for the share subdivision at the extraordinary general meeting ("EGM") on 22 June 2016 and became effective on 23 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2016.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year under review, there were no material and significant dispute between the Group and its employees, customers and suppliers.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 86.4% of the total sales for the year ended 31 March 2016 and sales to the largest customer included therein accounted for approximately 76.4% of the total sales for the year ended 31 March 2016. Purchase from the Group's five largest suppliers accounted for approximately 89.9% of the total purchase for the year ended 31 March 2016 and purchase from the Group largest supplier included therein accounted for approximately 38.7% of the total purchase for the year ended 31 March 2016.

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 ended 31 March 2016, none of the Directors nor the controlling shareholders 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.

On 10 October 2014, each of the Controlling Shareholders and the Company (for itself and as trustee for each of the subsidiaries) entered in to a Deed of Non-Competition (the "Non-competition Deed"), pursuant to which they have undertaken to the Company (for itself and as trustee for each of the subsidiaries). Details of which are set out in the section headed "Relationship with our controlling shareholders – Deed of Non-Competition" in the Prospectus.

Each of the Controlling Shareholders declared that they have complied with the Non-competition Deed. The independent non-executive Directors have conducted such review for the year ended 31 March 2015 and 31 March 2016 and also reviewed the relevant undertakings and are satisfied that the Non–competition Deed has been fully complied.

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.

For the year ended 31 March 2016, 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 during the year ended 31 March 2016.

AUDIT COMMITTEE

The Company established the Audit Committee on 25 September 2014 with written terms of reference in compliance with 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.

During the year ended 31 March 2016, the Audit Committee had reviewed quarterly, interim and annual results of the Group. The Audit Committee had reviewed the Group's risk management and internal control system for the year ended 31 March 2016. The Group's results for the year ended 31 March 2016 had been reviewed by the Audit Committee before submission to the Board for approval.

The Audit Committee held 4 meetings during the year ended 31 March 2016. Details of the attendance of the Audit Committee member at the Audit Committee meetings are set out above.

Subsequent to the reporting period, on 29 April 2016, Ms. Cheung Marn Kay ceased to be a member of Audit Committee and Mr. Ma Chi Ming was appointed as a member of Audit Committee. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan (Chairman), Mr. Kwong Lun Kei Victor and Mr. Ma Chi Ming.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 28 July 2016 (Thursday). A circular containing the details of the forthcoming AGM and the notice of the forthcoming AGM and form of proxy accompanying thereto will soon be despatched to shareholders. For the determining entitlement to attend the forthcoming AGM, the register of members of the Company will be closed from 27 July 2016 (Wednesday) to 28 July 2016 (Thursday), both day inclusive, during which period no transfer of Shares will be registered. The record date will be 28 July 2016 (Thursday). In order to qualify for attending the forthcoming AGM, all transfer 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 26 July 2016 (Tuesday).

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2016 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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 2016 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
Ng Ka Ho
Chairman and executive Director

Hong Kong, 23 June 2016

As at the date of this announcement, the board comprises two executive Directors, namely, Mr. Ng Ka Ho and Mr. Yang Si Hang, one non-executive Director, namely, Mr. Wong Chiu Po and three independent non-executive Directors namely, Mr. Kwong Lun Kei Victor, Mr. Ma Chi Ming and Mr. Chan Ming Sun Jonathan.