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 2018

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 2018 decreased by approximately 5% to approximately HK$57,881,000 (2017: approximately HK$60,830,000).

— Loss for the year ended 31 March 2018 amounted to approximately HK$271,248,000 (2017: loss for the year of approximately HK$297,016,000).

— Total equity attributable to owners of the Company as at 31 March 2018 was approximately HK$137,822,000 (2017: approximately HK$407,359,000).

— Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK$0.21 (2017: basic and diluted loss per share of approximately HK$0.24 (Restated)).

— The Board does not recommend the payment of a final dividend for the year ended 31 March 2018.

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 2018 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 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*4*	**57,881**	60,830
Cost of sales		**(43,918)**	(67,266)
Gross profit/(loss)		**13,963**	(6,436)
Other income	*5*	**949**	434
Other gains and losses	*6*	**(248,519)**	(158,729)
Selling and distribution expenses		**(1,849)**	(5,345)
Administrative expenses		**(23,071)**	(95,196)
Finance costs	*7*	**(805)**	(879)
Share result of an associate		**(12,786)**	(32,051)
Loss before taxation		**(272,118)**	(298,202)
Income tax credit	*8*	**870**	1,186
Loss for the year	*9*	**(271,248)**	(297,016)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**3,672**	(1,843)
Release of translation reserve arising on disposal of a subsidiary		**(4,117)**	–
Other comprehensive expense for the year		**(445)**	(1,843)
Total comprehensive expense for the year		**(271,693)**	(298,859)

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(269,173)**	(294,298)
Non-controlling interests		**(2,075)**	(2,718)
		(271,248)	(297,016)
Total comprehensive expense attributable to:			
Owners of the Company		**(269,539)**	(296,145)
Non-controlling interests		**(2,154)**	(2,714)
		(271,693)	(298,859)
Loss per share			
Basic and diluted	*11*	**(0.21)**	(0.24)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**164**	14,154
Investment property		**30,300**	2,780
Prepaid lease payments		**–**	3,249
Goodwill		**219**	7,919
Intangible assets		**4,578**	7,630
Interest in an associate		**–**	283,946
Available for sale investments		**21,924**	–
Rental deposits		**–**	296
Deferred tax assets		**7**	12
		57,192	319,986
CURRENT ASSETS			
Inventories		**4,570**	9,485
Trade and other receivables	*12*	**20,493**	5,570
Loan receivables		**41,899**	88,586
Financial assets at fair value through profit or loss		**10,698**	–
Prepaid lease payments		**–**	90
Bank balances and cash		**16,097**	3,703
		93,757	107,434
CURRENT LIABILITIES			
Trade payables	*13*	**2,266**	322
Other payables and accrued expenses	*13*	**9,530**	8,527
Tax payables		**836**	2,134
Borrowings		**–**	5,806
		12,632	16,789
NET CURRENT ASSETS		**81,125**	90,645
TOTAL ASSETS LESS CURRENT LIABILITIES		**138,317**	410,631

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,125**	1,922
		1,125	1,922
NET ASSETS		**137,192**	408,709
CAPITAL AND RESERVES			
Share capital		**51,200**	51,200
Reserves		**86,622**	356,159
Equity attributable to owners of the Company		**137,822**	407,359
Non-controlling interest		**(630)**	1,350
Total equity		**137,192**	408,709

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

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

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

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

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 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")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

Except as described below, 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.

Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from the disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendment reiterate that an entity should consider providing addition disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. Furthermore, the amendments require that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As required by the amendments, the share of other comprehensive income of associates had been separately presented and had been separated into (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met. Other than such a change in presentation, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

(b) New and revised standards and interpretations issued 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.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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 at the end of each reporting period, as explained in the accounting policies set out below.

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, (ii) Retail Business and (iii) money lending. 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.

(iii) Money Lending: Provision of loan services and other financial services.

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 2018

	OEM Business *HK$'000*	**Retail Business** *HK$'000*	**Money Lending** *HK$'000*	**Total** *HK$'000*
Segment revenue	**43,894**	**5,222**	**8,765**	**57,881**
Segment results	**(823)**	**(5,027)**	**8,152**	**2,302**
Share result of an associate				**(12,786)**
Interest in an associate written off				**(271,160)**
Fair value change on financial asset through profit or loss				**(3,956)**
Gain on disposal of subsidiary				**29,365**
Corporate expenses				**(13,259)**
Finance costs				**(805)**
Other income, and other gains and losses				**6,099**
Impairment of goodwill				**(7,918)**
Loss before taxation				**(272,118)**

For the year ended 31 March 2017

	OEM Business *HK$'000*	Retail Business *HK$'000*	Money Lending *HK$'000*	Total *HK$'000*
Segment revenue	46,126	8,318	6,386	60,830
Segment results	(41,985)	(10,537)	5,417	(47,105)
Share result of associate				(32,051)
Impairment of investment in an associate				(156,391)
Corporate expenses				(61,736)
Finance costs				(879)
Other income, and other gains and losses				(40)
Loss before taxation				(298,202)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents profit/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 financial assets 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.

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:

	2018 ***HK$'000***	2017 *HK$'000*
USA	**1,263**	45,009
Hong Kong	**54,819**	13,738
PRC	**1,487**	1,137
Europe	**312**	946
	57,881	60,830

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:

	2018	2017
	HK$'000	*HK$'000*
USA	**–**	283,946
PRC	**26,098**	34,603
Hong Kong	**31,087**	1,424
	57,185	319,973

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A*	**23,548**	41,967
Customer B*	**10,080**	N/A
Customer C*	**7,850**	N/A

* Revenue from OEM business

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Claim received from customers for cancelled order	**–**	28
Rental income	**660**	7
Bank interest income	**–**	18
Interest income on promissory notes receivables	**289**	–
Others	**–**	381
	949	434

6. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment	**1,382**	(474)
Interest in an associate written off	**(271,160)**	–
Gain on disposal of subsidiaries	**29,365**	–
Fair value change on financial assets at fair value through profit or loss	**(3,956)**	–
Impairment of interest in an associate	**–**	(156,391)
Impairment of intangible assets	**–**	(1,864)
Impairment of goodwill	**(7,918)**	–
Gain on disposal of financial asset at fair value through profit or loss	**3,768**	–
	(248,519)	(158,729)

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**–**	676
Other borrowings	**805**	203
	805	879

8. INCOME TAX CREDIT

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— current year	**–**	24
— overprovision in prior years	**–**	(20)
Deferred tax	**(870)**	(1,190)
Income tax credit	**(870)**	(1,186)

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.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2018	2017
	HK$'000	*HK$'000*
Director's remuneration	**1,186**	2,969
Other staff salaries and allowances	**3,771**	27,332
Retirement benefit scheme contributions, excluding those of directors	**154**	728
Total employee benefits expenses	**5,111**	31,029
Auditor's remuneration	**1,050**	900
Cost of inventories recognised as an expense *(Note)*	**32,494**	42,353
Depreciation of property, plant and equipment	**–**	1,909
Amortisation of prepaid lease payments	**647**	92
Reversal for provision of inventories	**–**	(3,793)
Net exchange loss	**322**	864
Share-based payment expenses	**–**	37,006

Note: Cost of sales included cost of inventories, allowance for inventories and other direct operating cost of retail business such as rental of retail shops.

10. DIVIDEND

No dividend has been proposed for the current reporting period or since the end of the reporting period (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(269,173)**	(294,298)

		(Restated)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,280,000**	1,184,378

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the consolidation of shares.

For the year ended 31 March 2017, no diluted loss per share has been presented as the assumed exercise of share option would result in a decrease in loss per share which is anti-dilutive.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables, net of allowance for doubtful debts	**14,984**	2,167
Prepayments	**–**	1,480
Deposits	**255**	835
Other receivable	**571**	540
Consideration receivables	**4,683**	548
	20,493	5,570

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 for doubtful debts presented based on the invoice date or the monthly statement received from department stores at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**114**	610
31–60 days	**2,016**	1
61–90 days	**7,840**	1
Over 90 days	**5,014**	1,555
	14,984	2,167

13. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**2,266**	322
Accrued staff salaries	**275**	401
Accrued rental expenses	**569**	311
Other payables	**8,686**	7,815
	9,530	8,527

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

	2018	2017
	HK$'000	*HK$'000*
0–60 days	**744**	94
61–90 days	**263**	35
Over 90 days	**1,259**	193
	2,266	322

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally derives its revenue from three business arms: (i) OEM business segment, which entails product design and development, raw materials sourcing and procurement, manufacturing and product quality control management (the "OEM business"), (ii) apparel retail business segment, which entails designing, procuring, manufacturing, marketing and retailing of Pure Cashmere Apparel and Other Apparel products as well as accessories through an established retail network in Hong Kong under the Group's proprietary trademarks, "*Casimira*" and "*Les Ailes*" (the "Retail Business") and (iii) Money Lending Business segment, which provides financing to customers for interest income.

OEM Business

Further to our disclosures earlier in the year, the garment sector of the consumer market in the United States has been suffering, which lead to a significant decrease in the order and the revenue to the Group. We had stepped up the efforts in controlling our expenses and looking for ways to improve the business, we discovered that the major reason for the loss of order from the existing clients is that the cost of cashmere products manufactured by Huijia Knitting, being the holding company of a factory in Huizhou, the PRC, which carries out the entire production process of the Group's cashmere products, is much higher than its competing manufacturers and the cost of maintaining Huijia Knitting is very high in PRC, which includes labour and employment related costs, compliance with the environmental laws, maintenance of equipment and other fixed costs, etc. Thus, the Group was unable to lower the price of the cashmere products to maintain its competitiveness. Based on the above findings, we intended to change its operation model by placing orders with other OEM manufacturer, while maintaining the procurement and quality control teams, instead of maintaining Huijia Knitting. It would substantially reduce the costs of operation and improve the profit margins of the OEM business. Therefore, Huijia Knitting was disposed during the year.

Retail Business

The decline in revenue is mainly attributable to the prolongation of the sluggish economy, low level of consumer sentiment and the rather unpleasant shopping atmosphere in Hong Kong. In addition, the economic slowdown in PRC eroded consumer confidence which worsened by the depreciation of Renminbi; the shifting of pattern to online shopping further negatively impacted the retail business.

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

Money Lending Business

Since the Group obtained the money lender licence and commenced money lending business from June 2016, the Group's money lending business is expanding quickly and there is high demand for loan. The Group targets customers who look for substantial loan amounts with collaterals. During the year, the Money Lending Business recorded a rapid growth and it had generated interest income of approximately HK$8,765,000, representing an increase of approximately 37.3% as compared to the year ended 31 December 2017.

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

PROSPECTS

For the OEM Business, the management is committed to strengthen the customer base. The Group will continue to find new orders and customers. Also, with the implementation of the new operation model, management expects there will be a better control of costing and enhance the profit margin.

For the Retail Business, the management of the Company will closely monitor the consumers' behaviour and will continue the promotion campaigns. The management of the Company 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 management of the Company still remains positive towards the Retail Business in long run.

For Money Lending Business, the Group will continue to expand it in a prudent and balanced risk management approach and it is expected that the loan demand in Hong Kong will remain robust. Also, the Money Lending Business is expected to have a significant contribution to overall growth of the Group as it expands.

Looking forwards, the Group will continue to strive for the diversifications of the Group's existing business and broaden its income stream, in order to align the business strategies with its corporate mission and goals with the aim to deliver long term benefits to the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue declined from approximately HK$60.8 million for the year ended 31 March 2017 to approximately HK$57.9 million for the year ended 31 March 2018, representing a decrease of approximately 4.8%. The revenue of OEM Business decreased by approximately 4.8% to approximately HK$43.9 million for the year ended 31 March 2018 as compared to the year ended 31 March 2017. On the other hand, the revenue from the Retail Business decreased by approximately 37.2% to approximately HK$5.2 million for the year ended 31 March 2018 as compared to the year ended 31 March 2017.

For the Money Lending Business, the Group obtained the money lender license and commenced business in June 2016, it has generated interest income of approximately HK$8.8 million for the year ended 31 March 2018, representing an increase of approximately 37.3% as compared to the year ended 31 March 2017.

	Year ended 31 March			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
OEM Business	**43,894**	**75.8**	46,126	75.8
Retail Business	**5,222**	**9.0**	8,318	13.7
Money Lending Business	**8,765**	**15.2**	6,386	10.5
	57,881	**100.0**	60,830	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 34.7% to approximately HK$43.9 million for the year ended 31 March 2018 as compared to the year ended 31 March 2017. The gross profit margin increased from approximately –10.9% for the year ended 31 March 2017 to approximately 24.1% for the year ended 31 March 2018. The gross profit decreased by approximately 317.0% to approximately HK$14.0 million gross loss for the year ended 31 March 2018 as compared to the year ended 31 March 2017.

Such increase in gross profit was mainly attributable to, among other things, change of operation model of OEM Business segment by placing orders with other OEM manufacturer, which resulted in significant drop of the cost of operation.

Expenses

Selling and administrative expenses for the year ended 31 March 2018 were approximately HK$25.0 million (year ended 31 March 2017: approximately HK$100.5 million), representing an decrease of approximately HK$75.5 million.

The decrease is due to approximately HK$37.0 million share option expenses and approximately HK$12.1 million professional expenses incurred in relation to legal proceedings and two voluntary conditional offer by Favourite Number Limited and QPL International Holdings Limited for the year ended 31 March 2017.

Loss for the year

The loss for the year ended 31 March 2018 was approximately HK$271.0 million. The loss for the year ended 31 March 2017 was approximately HK$297.0 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the share capital and equity attributable to owners of the Company amounted to approximately HK$51,200,000 and HK$86,622,000 respectively (31 March 2017: HK$51,200,000 and HK$356,159,000 respectively).

As at 31 March 2018, the Group had approximately HK$16.1 million in bank balances and cash (31 March 2017: HK$3.7 million).

As at 31 March 2018, the Group's total borrowings were nil (31 March 2017: HK$5.8 million). The current ratio was 7.42 at 31 March 2018 (31 March 2017: 6.40) and the gearing ratio was approximately 0.0% at 31 March 2018 (31 March 2017: approximately 1.4%).

Note: Current ratio is calculated as the current assets divided by current liabilities.

Gearing ratio is calculated as the total debt (borrowings) divided by total equity.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 March 2018 and 2017.

CHARGE OVER ASSETS OF THE GROUP

As at 31 March 2018 and 31 March 2017, the Group do not had any pledged bank deposits.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities (2017: 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 2018, the Group employed approximately of 30 employees. The Group's staff cost for the year ended 31 March 2018 amounted to approximately HK$5.1 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 2018.

Business plan as set out in the Prospectus	**Progress up to 31 March 2018**
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.

Business plan as set out in the Prospectus	Progress up to 31 March 2018
Expansion of the Retail Business	
Establish new Concession Stores or Free-Standing Stores	The Group has set up 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 report).

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 emphasizes 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. They are shown in note 36 to the consolidated financial statements.

Credit Risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

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.

The credit risk on pledged bank deposits and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

As at 31 March 2018, the Group has concentration of credit risk as 52% (2017: 42%) of the total trade receivable was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 92% (2017: 98%) of the total trade receivable as at 31 March 2018. The management of the Group considered their credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial positions.

Liquidity risk

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 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.

The management monitors the utilization of bank and other borrowings. The Group successfully renewed bank facilities that fell due during the year ended 31 March 2018. In addition, management maintains continuous communication with the Group's relevant bank on the renewal of existing bank facilities that have bank covenants breached as stated in note 26. While renegotiation 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 enhance 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. 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.

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 2018**
	HK$'000	*HK$'000*
Expansion of the OEM Business	15,640	14,203
Expansion of the Retail Business	6,694	5,151
Deposit to trade facilities account	15,000	15,000
General working capital	4,118	4,118
Total	41,452	38,472

Significant investments, acquisitions and disposals, and Plans for Material Investment or Capital Assets

On dated 27 July 2017, Able Rich Management Limited, an indirect wholly-owned subsidiary of the Company (as purchaser) entered into the sale and purchase agreement (the "Acquisition") with Mr. Lam Chi Man (as vendor) in relation to the acquisition of the entire issued share capital and all obligations, liabilities and debts owing or incurred by Profit Spread Investment Limited (as target company) at a consideration of HK$30,300,000. The Acquisition was completed on 22 December 2017.

On 8 August 2017, Winsky Management Limited (the "Vendor"), an indirect wholly-owned subsidiary of the Company entered into a Disposal Agreement (the "Disposal") with Mr. Li Qiang, Mr. Li Ping, Ms. Lijuan and Mr. Shi Xiuping (collectively as the "Purchasers"), pursuant to which the Vendor had conditionally agreed to sell and the Purchasers had conditionally agreed to purchase, the entire equity interest and the sale loan in Huizhou Huijia Knitting Company Limited ("Huijia Knitting"), a wholly owned subsidiary of the Vendor, at a consideration of RMB41,000,000 (equivalent to approximately HK$47,843,000). The Disposal was completed on 16 August 2017 and Huijia Knitting ceased to be a subsidiary of the Company on that date.

On 23 March 2018, Able Rich Management Limited (the "Vendor"), an indirect wholly-owned subsidiary of the Company entered into a Provisional Agreement (the "Disposal") with Ms. Ho Lai Ha (the "Purchasers"), pursuant to which the Vendor had conditionally agreed to sell and the Purchasers had conditionally agreed to purchase, the entire issued capital of Well Sun Development Company Limited ("Well Sun"), a wholly owned subsidiary of the Vendor, at a consideration of HK$36,500,000. Subject to the fulfillment of all Conditions, Completion will take place on 16 August 2018. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated with the results of the Group.

Save for above, there were no significant investments held as at 31 March 2018, nor other material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2018. There is no future plan for material investments or capital assets as at 31 March 2018.

SHARE CONSOLIDATION, CHANGE IN BOARD LOT SIZE AND INCREASE IN AUTHORISED SHARE CAPITAL

On 6 September 2017, the Board proposed to (i), consolidate every twenty (20) issued and unissued share of HK$0.002 each into one (1) consolidated share of HK$0.04 each; (ii), to change the board lot size for trading on the Stock Exchange from 8,000 shares to 24,000 consolidated shares conditional upon the share consolidation becoming effective and (iii), increase the authorised share capital of the Company from HK$100,000,000 divided into 2,500,000,000 consolidated shares to HK$500,000,000 divided into 12,500,000,000 consolidated shares by the creation of additional 10,000,000,000 consolidated shares, which shall rank pari passu in all aspects with the consolidated shares in issue. The above share consolidation and increase in authorised share capital were approved by the Company's shareholders at the extraordinary general meeting on 6 October 2017 and became effective on 9 October 2017.

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 2018.

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 71% of the total sales for the year ended 31 March 2018 and sales to the largest customer included therein accounted for approximately 41% of the total sales for the year ended 31 March 2018. Purchase from the Group's five largest suppliers accounted for approximately 100% of the total purchase for the year ended 31 March 2018 and purchase from the Group largest supplier included therein accounted for approximately 45% of the total purchase for the year ended 31 March 2018.

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 beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS' INTEREST IN COMPETING BUSINESS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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 2018 up to the date of this report, save for the deviation from code provision A.2.1 of the Code which explained below, the Company has applied the principles and complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision A.2.1 of the Code, the roles of the Chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Ng Ka Ho had appointed as the Chairman on 22 April 2016 who provides leadership to the Board. Mr. Yang Si Hang was the chief executive officer of the Company and he resigned on 3 March 2017. The Company has not appointed CEO since then, and the roles and functions of the CEO have been performed by the Chairman. The Board believes that vesting the roles of both Chairman and CEO in the same individual can provide the Company with strong and consistent leadership and allows for effective planning and implementation of business decisions and strategies.

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 2018.

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 2018, 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 2018. The Group's results for the year ended 31 March 2018 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 2018. Details of the attendance of the Audit Committee member at the Audit Committee meetings are set out above.

As at the date of this report, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Kin Ping (Chairman), Ms. Guo Yan Xia and Mr. Ma Chi Ming.

CHANGE OF DIRECTORS AND COMPANY SECRETARY

1. Mr. Li Kin Ping was appointed as an independent non-executive Director, chairman of the Remuneration Committee and the Nomination Committee, and a member of the Audit Committee of the Company with effect from 20 April 2017. He has been re-designated to the chairman of the Audit Committee of the Company with effect from 26 September 2017.

2. Mr. Kwong Lun Kei Victor was resigned as an independent non-executive Director, chairman of the Remuneration Committee and the Nomination Committee, and a member of the Audit Committee of the Company with effect from 20 April 2017.

3. Ms. Guo Yan Xia was appointed as an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company with effect from 26 September 2017.

4. Mr. Ng Kai Shing was resigned as an independent non-executive Director, chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee of the Company with effect from 26 September 2017.

5. Mr. Leung Tze Wai was resigned as the Chief Financial Officer, Company Secretary and Authorised Representative of the Company with effect from 29 September 2017.

6. Ms. Lai Wai Ha has been appointed as the Company Secretary of the Company with effect from 29 September 2017.

7. Ms. Lai Wai Ha has been appointed as the Authorised Representative of the Company with effect from 29 September 2017.

8. Mr. Lau Chun Kavan was appointed as an executive Director of the Company with effect from 16 May 2018.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on 29 November 2018 (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 28 November 2018 (Wednesday) to 29 November 2018 (Thursday), both day inclusive, during which period no transfer of Shares will be registered. The record date will be 29 November 2018 (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 2103B, 21/F, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on 27 November 2018 (Tuesday).

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

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 2018 as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited 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 Elite Partners CPA Limited 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 2018 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, 13 July 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Ng Ka Ho and Mr. Lau Chun Kavan and three independent non-executive Directors, namely, Mr. Ma Chi Ming, Mr. Li Kin Ping and Ms. Guo Yan Xia.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 mak any statement herein or this announcement misleading.

This announcement will remain on the ''Latest Company Announcements'' page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at http://www.lna.com.hk.