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L & A International Holdings Limited

樂亞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8195)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of L & A International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board (the “Board”) of directors of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 31 December 2015 together with the unaudited comparative figures for the corresponding period in 2014 as follows:

For the nine months ended 31 December 2015

| | NOTES | Three months ended 31 December | | Nine months ended 31 December | |
|---|-------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) |
| Revenue | 3 | 39,669 | 84,494 | 158,909 | 294,188 |
| Cost of sales | 8 | (31,122) | (68,208) | (124,234) | (239,244) |
| Gross profit | | 8,547 | 16,286 | 34,675 | 54,944 |
| Other income | 4 | 821 | 2,909 | 6,168 | 4,478 |
| Fair value change in structured bank deposit | | 84 | (157) | (23) | (13) |
| Other gains and losses | 5 | 1,402 | 343 | 949 | 434 |
| Selling and distribution expenses | | (3,009) | (5,121) | (8,839) | (13,911) |
| Administrative expenses | | (10,330) | (16,707) | (32,079) | (39,002) |
| Listing expenses | | – | (3,172) | – | (13,057) |
| Finance costs | 6 | (562) | (788) | (1,795) | (3,643) |
| Loss before taxation | | (3,047) | (6,407) | (944) | (9,770) |
| Income tax credit (expense) | 7 | (375) | 445 | (3,138) | (1,020) |
| Loss for the period | 8 | (3,422) | (5,962) | (4,082) | (10,790) |
| Other comprehensive income/ (expense): | | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange differences arising on the translation of foreign operations | | (491) | 21 | (2,542) | 35 |
| Total comprehensive expense for the period | | (3,913) | (5,941) | (6,624) | (10,755) |
| Loss per share | 10 | | | | |
| Basic (HK cents) | | (0.09) | (0.15) | (0.10) | (0.33) |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> <i>(Note (i))</i> | Translation reserve <i>HK\$'000</i> | Special reserve <i>HK\$'000</i> <i>(Note (ii))</i> | Other reserve <i>HK\$'000</i> <i>(Note (iii))</i> | Retained profits <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|-------------------------------------|--|---|---|--|--|--------------------------|
| At 1 April 2014 (audited) | 110 | 38,321 | 9,356 | – | 4,327 | 56,217 | 108,331 |
| Exchange differences arising from the translation of foreign operations | – | – | 35 | – | – | – | 35 |
| Loss for the period | – | – | – | – | – | (10,790) | (10,790) |
| Total comprehensive expense for the period | – | – | 35 | – | – | (10,790) | (10,755) |
| Dividend declared | – | – | – | – | – | (14,717) | (14,717) |
| Transfer upon group reorganisation | (110) | (38,321) | – | 38,431 | – | – | – |
| Issue of ordinary shares of the Company pursuant to the reorganisation | 10,000 | – | – | (10,000) | – | – | – |
| Placing of share | 10,000 | 50,000 | – | – | – | – | 60,000 |
| Capitalisation issue | 20,000 | (20,000) | – | – | – | – | – |
| Share placement expenses | – | (6,129) | – | – | – | – | (6,129) |
| At 31 December 2014 (unaudited) | <u>40,000</u> | <u>23,871</u> | <u>9,391</u> | <u>28,431</u> | <u>4,327</u> | <u>30,710</u> | <u>136,730</u> |
| At 1 April 2015 (audited) | <u>40,000</u> | <u>23,823</u> | <u>8,927</u> | <u>28,431</u> | <u>4,327</u> | <u>23,109</u> | <u>128,617</u> |
| Exchange differences arising on the translation of foreign operations | – | – | (2,542) | – | – | – | (2,542) |
| Loss for the period | – | – | – | – | – | (4,082) | (4,082) |
| Total comprehensive expense for the period | – | – | (2,542) | – | – | (4,082) | (6,624) |
| At 31 December 2015 (unaudited) | <u>40,000</u> | <u>23,823</u> | <u>6,385</u> | <u>28,431</u> | <u>4,327</u> | <u>19,027</u> | <u>121,993</u> |

Notes:

- (i) Share premium as at 1 April 2014 represented the difference between the paid-in capital and additional paid-in capital of L & A Interholdings Inc..
- (ii) Special reserve represented the difference between the nominal amount of the share capital and share premium issued by L & A Interholdings Inc. and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation.
- (iii) Other reserve arose from the waiver of loan from a controlling shareholder of the Company in previous years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 31 December 2015 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The basis of preparation and accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual report for the year ended 31 March 2015, except for the new and revised HKFRSs. The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

3. REVENUE

Revenue represents the invoiced values of goods sold during the reporting period.

| | Three months ended | | Nine months ended | |
|-----------------|--------------------|---------------|-------------------|----------------|
| | 31 December | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| OEM Business | 32,745 | 74,671 | 144,015 | 274,115 |
| Retail Business | 6,924 | 9,823 | 14,894 | 20,073 |
| | <u>39,669</u> | <u>84,494</u> | <u>158,909</u> | <u>294,188</u> |

4. OTHER INCOME

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Claim received from customers for cancelled orders | 560 | 2,667 | 5,646 | 3,836 |
| Rental income | – | 85 | 83 | 307 |
| Bank interest income | 1 | 1 | 2 | 3 |
| Others | 260 | 156 | 437 | 332 |
| | <u>821</u> | <u>2,909</u> | <u>6,168</u> | <u>4,478</u> |

5. OTHER GAINS AND LOSSES

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Gain on disposal of property plant and equipment | 1,404 | 288 | 1,221 | 686 |
| Change in fair value of investments held for trading | – | 55 | – | 68 |
| Others | (2) | – | (272) | (320) |
| | <u>1,402</u> | <u>343</u> | <u>949</u> | <u>434</u> |

6. FINANCE COSTS

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Interest on: | | | | |
| Bank borrowings wholly repayable within five years | 558 | 771 | 1,787 | 3,418 |
| Obligations under finance leases | 4 | 17 | 8 | 45 |
| Amounts due to related parties | – | – | – | 151 |
| Amount due to a controlling shareholder | – | – | – | 29 |
| | <u>562</u> | <u>788</u> | <u>1,795</u> | <u>3,643</u> |

7. INCOME TAX (CREDIT) EXPENSE

| | Three months ended | | Nine months ended | |
|---|--------------------|-----------------|-------------------|-----------------|
| | 31 December | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Hong Kong Profits Tax (<i>Note (i)</i>) | | | | |
| — current period | 588 | (846) | 3,225 | 193 |
| PRC Enterprise Income Tax (“EIT”) | | | | |
| (<i>Note (ii)</i>) — current period | (186) | 426 | — | 891 |
| | <u>402</u> | <u>(420)</u> | <u>3,225</u> | <u>1,084</u> |
| Deferred tax | (27) | (25) | (87) | (64) |
| | <u>375</u> | <u>(445)</u> | <u>3,138</u> | <u>1,020</u> |

Notes:

(i) Hong Kong

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

(ii) PRC

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

8. LOSS FOR THE PERIOD/COST OF SALES

Loss for the period

| | Three months ended | | Nine months ended | |
|---|--------------------|---------------|-------------------|---------------|
| | 31 December | | 31 December | |
| | 2015 | 2014 | 2015 | 2014 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Loss for the period has been arrived at after charging (crediting): | | | | |
| Directors' remuneration: | | | | |
| — Fees | 1,420 | 1,572 | 4,946 | 1,572 |
| — Other emoluments, salaries and other benefits | 261 | 531 | 747 | 1,843 |
| — Retirement benefit scheme contributions | 14 | 9 | 37 | 26 |
| | <u>1,695</u> | <u>2,112</u> | <u>5,730</u> | <u>3,441</u> |
| Other staff salaries and allowances | 10,507 | 14,156 | 32,481 | 45,422 |
| Retirement benefit scheme contributions, excluding those of Directors | 252 | 233 | 763 | 621 |
| | <u>12,454</u> | <u>16,501</u> | <u>38,974</u> | <u>49,484</u> |
| Total employee benefits expenses | 12,454 | 16,501 | 38,974 | 49,484 |
| Cost of inventories recognised as an expense | 28,857 | 64,444 | 116,630 | 230,076 |
| Depreciation of an investment property | 20 | 21 | 60 | 62 |
| Depreciation of property, plant and equipment | 1,238 | 2,969 | 3,969 | 6,937 |
| Amortisation of prepaid lease payments | 27 | 29 | 82 | 79 |
| Net exchange loss | 393 | 234 | 469 | 441 |
| Rental income from investment property | — | (85) | (83) | (307) |
| | <u>—</u> | <u>(85)</u> | <u>(83)</u> | <u>(307)</u> |

Costs of sales

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

9. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2015 (2014: 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, of which HK\$10,600,000 was settled by offsetting against the amount due by Yang's Holdings Capital Limited to the Group).

10. LOSS PER SHARE

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

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Loss | | | | |
| Loss for the purposes of basic loss per share (loss for the period attributable to the owners of the Company) | <u>(3,422)</u> | <u>(5,962)</u> | <u>(4,082)</u> | <u>(10,790)</u> |
| | '000 | '000 | '000 | '000 |
| Number of shares | | | | |
| Weighted average number of ordinary shares in issue for the purposes of basic loss per share | <u>4,000,000</u> | <u>3,901,099</u> | <u>4,000,000</u> | <u>3,299,270</u> |

The weighted average number of ordinary shares for the purpose of basic loss per share for the three months and nine months ended 31 December 2014 had been adjusted for the group reorganisation, capitalisation issue and share subdivision as detailed in the Company's annual report for the year ended 31 March 2015.

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

11. EVENTS AFTER THE REPORTING PERIOD

On 25 January 2016 (after trading hours), Rise More Corporation Limited (the "Vendor"), an indirect wholly-owned subsidiary of the Company, entered into a Disposal Agreement with the Purchaser pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interest in the Ganzhou Rise More Knitters Limited (the "Target Company"), a wholly-owned subsidiary of the Vendor, at a total cash consideration of RMB11.8 million. Upon Completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

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 materials 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”).

Further to our disclosures earlier in the year on the downward trend of our business, the performance of our OEM Business continued to experience a decline compared with the same period last year. 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 revenue decline 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 mainland Chinese tourists in Hong Kong to decline. Additionally, the warmest November month ever recorded in Hong Kong last year, aggravated the already weakened demand for its cashmere garments.

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

PROSPECTS

For the OEM Business, the downturn in the US retail industry as previously disclosed was much more severe than the management of the Company had anticipated and some players in the US retail market may even face liquidity challenge. Based on the management's past experience in previous downturn cycles of this industry, it will be a prudent approach not to accept any risk in the attempt to secure business during such challenging times. Besides the reduced sales orders from the major customers, the Group is also facing ever-increasing production costs in mainland China. Based on sales orders placed by the OEM customers up to the date of this announcement, the estimated revenue of OEM Business for the year ended 31 March 2016 is expected to decline significantly compared to last year. However, the management of the Company will continue to look for new customers to widen the customer base and reallocate the production resources according to the orders received so as to save costs. Although the business environment is tough, the management of the Company will try to maintain a stable volume of business for the OEM Business segment and concurrently ensure that the Company is not exposed to unnecessary customer credit risks.

For the Retail Business, the management of the Company will closely monitor the consumers' behaviour and will continue holding the promotion campaigns. The management of the Company is also monitoring the movements 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 as the Company can still maintain a healthy profit margin by selling its garments directly from the factory to its customers.

Furthermore, the management of the Company is also looking for new investment opportunities, especially in retail markets in mainland China and Hong Kong, in order to compensate the shrinking retail market of cashmere garments in the US.

FINANCIAL REVIEW

Revenue

The Group's revenue dropped from approximately HK\$294.2 million for the nine months ended 31 December 2014 to approximately HK\$158.9 million for the nine months ended 31 December 2015, representing a decrease of approximately 46.0%. The revenue of OEM Business decreased by approximately 47.5% to approximately HK\$144.0 million for the nine months ended 31 December 2015 as compared to the nine months ended 31 December 2014. On the other hand, the revenue from Retail Business decreased by approximately 25.8% to approximately HK\$14.9 million for the nine months ended 31 December 2015 as compared to the nine months ended 31 December 2014.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the nine months ended 31 December 2015 and 2014.

| | Nine months ended 31 December | | | |
|-----------------|--|---------------------|-----------------------|---------------------|
| | 2015 | | 2014 | |
| | <i>HK\$'000</i> | <i>%</i> | <i>HK\$'000</i> | <i>%</i> |
| OEM Business | 144,015 | 90.6 | 274,115 | 93.2 |
| Retail Business | 14,894 | 9.4 | 20,073 | 6.8 |
| | <u>158,909</u> | <u>100.0</u> | <u>294,188</u> | <u>100.0</u> |

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 48.1% to approximately HK\$124.2 million for the nine months ended 31 December 2015 as compared to the nine months ended 31 December 2014. The gross profit margin increased slightly from approximately 18.7% for the nine months ended 31 December 2014 to approximately 21.8% for the nine months ended 31 December 2015. The gross profit dropped by approximately 36.9% to approximately HK\$34.7 million for the nine months ended 31 December 2015 as compared to the nine months ended 31 December 2014.

Other Income

The Group exercised its rights to claim refund for unused yarns ordered by its customers which did not place any orders according to its projections during the nine months ended 31 December 2015. This refund mechanism has been in place since the Company began working with the major customer. As a result of this refund mechanism, the Group recorded additional other income amounting to HK\$5.6 million during the nine months ended 31 December 2015.

Expenses

Selling and administrative expenses (exclude listing expenses) for the nine months ended 31 December 2015 was approximately HK\$40.9 million (nine months ended 31 December 2014: approximately HK\$52.9 million), representing a decrease of approximately HK\$12.0 million, as a result of the Group's efforts in controlling expenses.

Loss for the period

The loss for the nine months ended 31 December 2015 was approximately HK\$4.1 million. The loss for the nine months ended 31 December 2014 was approximately HK\$10.8 million. The decrease was mainly due to the absence of listing expenses incurred for the nine months ended 31 December 2015.

OTHER INFORMATION

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

As at 31 December 2015, the interest and short position of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Ordinary Shares of the Company (the “Shares”)

| Name of Director/ chief executive | Capacity/Nature of Interests | Number of Underlying Shares ⁽¹⁾ | Percentage of the Company's issue share capital as at 31 December 2015 |
|--------------------------------------|------------------------------|--|--|
| Mr. Yang Si Kit Kenny ⁽³⁾ | Beneficiary of trust | 2,040,776,000 | 51.02% |
| Mr. Yang Si Hang ⁽⁴⁾ | Beneficiary of trust | 2,040,776,000 | 51.02% |

Notes:

- (1) All interests stated are long positions.
- (2) YWH Investment Holding Limited (“YWH”), a company wholly owned by the Yang’s Family Trust, directly holds the entire issued share capital of Yang’s Holdings Capital Limited (“Yang’s Holdings”). The Yang’s Family Trust is a discretionary trust established by Mr. Yang Wan Ho (as the settlor) and the discretionary beneficiaries of which include Mr. Yang Wan Ho, Mr. Yang Si Hang, Ms. Yang Sze Man Salina and Mr. Yang Si Kit Kenny. Mr. Yang Wan Ho resigned as the chairman and executive Director of the Company with effect from 9 September 2015.
- (3) Mr. Yang Si Kit Kenny, an executive Director and chairman of the Board, is one of the beneficiaries of the Yang’s Family Trust. He is therefore deemed to be interested in the 2,040,776,000 Shares indirectly held by Yang’s Holdings.
- (4) Mr. Yang Si Hang, an executive Director and chief executive officer of the Company, is one of the beneficiaries of the Yang’s Family Trust. He is therefore deemed to be interested in the 2,040,776,000 Shares indirectly held by Yang’s Holdings.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 December 2015, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under 336 of the SFO:

Ordinary Shares of the Company

| Name of Shareholder | Capacity/Nature of Interests | Number of Underlying Shares⁽¹⁾ | Percentage of the Company's issue share capital as at 31 December 2015 |
|--|--|--|---|
| Mr. Yang Wan Ho ("Mr. Yang") | Founder and beneficiary of a discretionary trust | 2,040,776,000 | 51.02% |
| Cantrust (Far East) Limited ⁽²⁾ | Trustee of trust | 2,040,776,000 | 51.02% |
| YWH ⁽²⁾ | Interest in a controlled corporation | 2,040,776,000 | 51.02% |
| Yang's Holdings ⁽²⁾ | Beneficial owner | 2,040,776,000 | 51.02% |
| Ms. Leung Shui Yee ⁽³⁾ | Interest of spouse | 2,040,776,000 | 51.02% |
| Ms. Chan Lo Mei ⁽⁴⁾ | Interest of spouse | 2,040,776,000 | 51.02% |

Notes:

- (1) All interests stated are long positions.
- (2) Cantrust (Far East) Limited, the trustee of the Yang's Family Trust, holds the entire issued share capital of YWH. YWH, in turn, holds the entire issued share capital of Yang's Holdings. The Yang's Family Trust is a discretionary trust established by Mr. Yang (as the settlor) and the discretionary beneficiaries of which include Mr. Yang, Mr. Yang Si Hang, Ms. Yang Sze Man Salina and Mr. Yang Si Kit Kenny. Accordingly, each of Mr. Yang, Cantrust (Far East) Limited and YWH is deemed to be interested in the 2,040,776,000 Shares held by Yang's Holdings.
- (3) Ms. Leung Shui Yee is the spouse of Mr. Yang Si Hang. By virtue of the SFO, Ms. Leung Shui Yee is deemed to be interested in the same number of Shares in which Mr. Yang Si Hang is deemed to be interested.
- (4) Ms. Chan Lo Mei is the spouse of Mr. Yang Si Kit Kenny. By virtue of the SFO, Ms. Chan Lo Mei is deemed to be interested in the same number of Shares in which Mr. Yang Si Kit Kenny is deemed to be interested.

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

During the nine months ended 31 December 2015, the Company had complied with the required code provisions set out in the Corporate Governance Code (the "Code") and Corporate Governance Report as contained in Appendix 15 of the GEM Listing Rules and there had been no deviation in relation thereto.

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

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that he/she had fully complied with the required standard of dealings and there had been no event of non-compliance during the nine months ended 31 December 2015 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2015.

COMPETING INTERESTS

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

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee consists of 3 independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Ms. Cheung Marn Kay and Mr. Kwong Lun Kei Victor*. Mr. Chan Ming Sun Jonathan is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2015.

* Mr. Chan Chi Keung Alan resigned as an independent non-executive Director of the Company and ceased to be a member of Audit Committee of the Company with effect from 19 October 2015. Mr. Kwong Lun Kei Victor was appointed as an independent non-executive Director of the Company and a member of Audit Committee of the Company with effect from 19 October 2015.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, TC Capital Asia Limited, pursuant to rule 6A.32 of the GEM Listing Rules, as at 31 December 2015, save for TC Capital Asia Limited as the sponsor, one of the joint bookrunners and one of the joint lead managers in relation to the listing of shares and the compliance adviser agreement entered into between the Company and TC Capital Asia Limited dated 17 July 2014, neither TC Capital Asia Limited or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group.

CHANGE OF DIRECTORS' INFORMATION

1. Mr. Ng Ka Ho was appointed as the executive Director with effect from 13 July 2015.
2. Mr. Yang Wan Ho resigned as the chairman of the Board and executive Director with effect from 9 September 2015.
3. Mr. Yang Si Kit Kenny, the executive Director, was re-designated as the chairman of the Board with effect from 9 September 2015.
4. Ms. Rubby Chau resigned as a non-executive Director with effect from 12 October 2015.

5. Mr. Wong Chiu Po was appointed as a non-executive Director with effect from 12 October 2015.
6. Mr. Chan Chi Keung Alan resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee with effect from 19 October 2015.
7. Mr. Kwong Lun Kei Victor was appointed as an independent non-executive Director and a member for each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 19 October 2015.
8. Ms. Cheung Marn Kay was re-designated as the chairlady of the Remuneration Committee of the Company with effect from 19 October 2015.

PUBLICATION OF THIRD QUARTERLY RESULTS AND THIRD QUARTERLY REPORT

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

By Order of the Board
L & A INTERNATIONAL HOLDINGS LIMITED
Yang Si Kit Kenny
Chairman and Executive Director

Hong Kong, 12 February 2016

As at the date of this announcement, the executive Directors are Mr. Yang Si Kit Kenny, Mr. Yang Si Hang and Mr. Ng Ka Ho; the non-executive Director is Mr. Wong Chiu Po; the independent non-executive Directors are Mr. Kwong Lun Kei Victor, Ms. Cheung Marn Kay and Mr. Chan Ming Sun Jonathan.