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 2017

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 2017 decreased by approximately 71% to approximately HK$60,830,000 (2016: approximately HK$210,354,000).

— Loss for the year ended 31 March 2017 amounted to approximately HK$297,016,000 (2016: loss for the year of approximately HK$29,302,000).

— Total equity attributable to owners of the Company as at 31 March 2017 was approximately HK$407,359,000 (2016: approximately HK$93,762,000).

— Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 March 2017 was approximately HK$0.012 (2016: basic and diluted loss per share of approximately HK$0.15).

— The Board does not recommend the payment of a final dividend for the year ended 31 March 2017.

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 2017 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 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**60,830**	210,354
Cost of sales		**(67,266)**	(189,978)
Gross (loss)/profit		**(6,436)**	20,376
Other income	*5*	**434**	6,142
Other gains and losses	*6*	**(158,729)**	6,197
Selling and distribution expenses		**(5,345)**	(11,498)
Administrative expenses		**(95,196)**	(44,899)
Finance costs	*7*	**(879)**	(2,425)
Share result of associate		**(32,051)**	–
Loss before taxation		**(298,202)**	(26,107)
Income tax credit (expenses)	*8*	**1,186**	(3,195)
Loss for the year	*9*	**(297,016)**	(29,302)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,843)**	(2,305)
Release of translation reserve arising on disposal of a subsidiary		**–**	(3,248)
Other comprehensive expense for the year		**(1,843)**	(5,553)
Total comprehensive expense for the year		**(298,859)**	(34,855)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Profit/(Loss) for the year attributable to:			
Owners of the Company		**(294,298)**	(29,302)
Non-controlling interests		**(2,718)**	–
		(297,016)	(29,302)
Total comprehensive expense attributable to:			
Owners of the Company		**(296,145)**	(34,855)
Non-controlling interests		**(2,714)**	–
		(298,859)	(34,855)
Loss per share			
Basic and diluted (HK cents)	*11*	**(1.24)**	(0.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,154**	17,367
Investment property		**2,780**	3,033
Prepaid lease payments		**3,249**	3,549
Goodwill		**7,919**	–
Intangible assets		**7,630**	–
Interest in an associate		**283,946**	–
Rental Deposits		**296**	200
Deferred tax assets	*18*	**12**	17
		319,986	24,166
CURRENT ASSETS			
Inventories	*12*	**9,485**	51,948
Trade and other receivables	*13*	**5,570**	42,566
Loan receivables		**88,586**	–
Prepaid lease payments		**90**	96
Pledged bank deposits	*14*	**–**	14,418
Bank balances and cash	*14*	**3,703**	16,938
		107,434	125,966
CURRENT LIABILITIES			
Trade payables	*15*	**322**	14,105
Other payables and accrued expenses	*15*	**8,527**	10,113
Tax payables		**2,134**	3,092
Bank and other borrowings	*16*	**5,806**	29,037
		16,789	56,347
NET CURRENT ASSETS		**90,645**	69,619
TOTAL ASSETS LESS CURRENT LIABILITIES		**410,631**	93,785

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*17*	**1,922**	23
		1,922	23
NET ASSETS		**408,709**	93,762
CAPITAL AND RESERVES			
Share capital	*18*	**51,200**	40,000
Reserves		**356,159**	53,762
Equity attributable to owners of the Company		**407,359**	93,762
Non-controlling interest		**1,350**	–
Total equity		**408,709**	93,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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"). 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 who controls YWH Investment Holding Limited, also ceased to be the ultimate holding company and ultimate controlling shareholder on 11 May 2016, respectively.

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 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 HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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.

HKFRS 9	Financial Instruments[2]
HKFRS 15 and clarifications to HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advanced Consideration[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfer of Investment Properties[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for accounting periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for accounting periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for accounting periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for accounting periods beginning on or after a date to be determined.
5 Effective for accounting periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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 2017

	OEM Business *HK$'000*	**Retail Business** *HK$'000*	**Money Lending** *HK$'000*	**Segment total** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Revenue						
External sales	**46,126**	**8,318**	**6,386**	**60,830**	**–**	**60,830**
Inter-segment sales*	**3,159**	**–**	**–**	**3,159**	**(3,159)**	**–**
Total segment revenue	**49,285**	**8,318**	**6,386**	**63,989**	**(3,159)**	**60,830**
Results						
Segment results	**(41,985)**	**(10,537)**	**5,417**	**(47,105)**	**–**	**(47,105)**
Share result of associate						**(32,051)**
Corporate expenses						**(61,736)**
Impairment of interest in an associate						**(156,391)**
Finance costs						**(879)**
Other income, and other gains and losses						**(40)**
Loss before taxation						**(298,202)**

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)

* 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 described in note 3. 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 2017

	OEM Business ***HK$'000***	**Retail Business** ***HK$'000***	**Money Lending** ***HK$'000***	**Total** ***HK$'000***
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	**1,880**	**29**	**–**	**1,909**
Depreciation of an investment property	**75**	**–**	**–**	**75**
Release of prepaid lease payments	**92**	**–**	**–**	**92**
Loss on disposal of property, plant and equipment	**(474)**	**–**	**–**	**(474)**
(Reversal) Allowance for inventories	**(4,069)**	**276**	**–**	**(3,793)**
Additions to non-current assets	**–**	**330**	**–**	**330**

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

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:

	2017 ***HK$'000***	2016 *HK$'000*
USA	**45,009**	183,311
Hong Kong	**13,738**	26,382
PRC	**1,137**	–
Europe	**946**	477
Others	**–**	184
	60,830	210,354

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:

	2017 ***HK$'000***	2016 *HK$'000*
USA	**283,946**	–
PRC	**34,603**	22,073
Hong Kong	**1,424**	2,076
	319,973	24,149

Information about major customers

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

	2017 *HK$'000*	2016 *HK$'000*
Customer A*	**41,967**	160,656

* Revenue from OEM business

5. OTHER INCOME

	2017 *HK$'000*	2016 *HK$'000*
Claim received from customers for cancelled order	**28**	5,541
Rental income	**7**	80
Bank interest income	**18**	6
Others	**381**	515
	434	6,142

6. OTHER GAINS AND LOSSES

	2017 *HK$'000*	2016 *HK$'000*
(Loss)/Gain on disposal of property, plant and equipment	**(474)**	2,925
Impairment of interest in an associate	**(156,391)**	–
Impairment of intangible assets	**(1,864)**	–
Fair value change in pledged structured bank deposit	**–**	(23)
Gain on disposal of a subsidiary	**–**	3,304
Others	**–**	(9)
	(158,729)	6,197

7. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interest on:		
Bank borrowings	**676**	2,418
Obligations under finance leases	**–**	7
Other borrowings	**203**	–
	879	2,425

8. INCOME TAX EXPENSE/(CREDIT)

	2017	2016
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— current year	**24**	2,167
— overprovision in prior years	**(20)**	(40)
PRC Enterprise Income Tax ("EIT")		
— current year	**–**	543
Deferred tax	**(1,190)**	525
Income tax expenses (credit)	**(1,186)**	3,195

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:

	2017	2016
	HK$'000	*HK$'000*
Loss before taxation	**(298,202)**	(26,107)
Tax at Hong Kong Profits tax rate of 16.5% *(Note)*	**(49,203)**	(4,308)
Tax effect of expenses not deductible for tax purpose	**38,926**	3,653
Tax effect of income not taxable for tax purpose	**(747)**	(964)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(811)**	(205)
Tax effect of temporary differences not recognized	**4,907**	2,339
Tax effect of tax losses not recognised	**5,762**	2,720
Overprovision in respect of prior years	**(20)**	(40)
Income tax expense for the year	**(1,186)**	3,195

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

9. LOSS FOR THE YEAR

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

	2017	2016
	HK$'000	*HK$'000*
Director's remuneration	**2,969**	7,517
Other Staff salaries and allowances	**27,332**	44,358
Retirement benefit scheme contributions, excluding those of directors	**728**	1,031
Total employee benefits expenses	**31,029**	52,906
Auditor's remuneration (including non-audit services)	**900**	1,671
Cost of inventories recognized as an expense *(Note)*	**42,353**	164,493
Depreciation of an investment property	**75**	79
Depreciation of property, plant and equipment	**1,909**	5,208
Amortisation of prepaid lease payments	**92**	109
(Reversal) Allowance for inventories	**(3,793)**	14,946
Allowance for doubtful debts	**–**	257
Net exchange loss	**864**	646
Rental income from an investment property	**(7)**	(80)
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 (2016: 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:

	2017	2016
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(294,298)**	(29,302)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**23,687,578**	20,000,000

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the subdivision of shares as detailed in notes 24(vii) and 35(v).

For the year ended 31 March 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.

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. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**1,694**	38,108
Work in progress	**238**	5,835
Finished goods	**7,553**	8,005
	9,485	51,948

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables, net of allowance for doubtful debts	**2,167**	23,556
Prepayments	**1,480**	1,682
Deposits	**835**	2,536
Other receivable	**540**	643
Consideration receivables	**548**	14,149
	5,570	42,566

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.

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**610**	21,412
31–60 days	**1**	444
61–90 days	**1**	202
Over 90 days	**1,555**	1,498
	2,167	23,556

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$1,557,000 as at 31 March 2017 (2016: HK$2,007,000) 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:

	2017	2016
	HK$'000	*HK$'000*
31 to 60 days	**1**	307
61 to 90 days	**1**	202
Over 90 days	**1,555**	1,498
	1,557	2,007

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

	2017	2016
	HK$'000	*HK$'000*
RMB	**1,404**	14,522
HK$	**2,539**	24

Movement in the allowance for doubtful debts

	2017	2016
	HK$'000	*HK$'000*
1 April	**257**	–
Impairment loss recognized on receivables	**–**	257
31 March	**257**	257

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 from 0.01% per annum as at 31 March 2016.

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 2017 (2016: 0.01% to 0.5% 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:

	2017	2016
	HK$'000	*HK$'000*
HK$	**3,274**	7,726
Renminbi ("RMB")	**374**	8,378

15. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2017 *HK$'000*	2016 *HK$'000*
Trade payables	**322**	14,105
Payable for social insurance	**–**	43
Subcontracting fee payable	**–**	4,837
Accrued staff salaries	**401**	1,068
Accrued rental expenses	**311**	535
Accrued expenses	**4,167**	1,993
Other payables	**3,648**	1,637
	8,527	10,113

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

	2017 *HK$'000*	2016 *HK$'000*
0–60 days	**94**	13,808
61–90 days	**35**	7
Over 90 days	**193**	290
	322	14,105

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

	2017 *HK$'000*	2016 *HK$'000*
HK$	**4,031**	1,537
Renminbi ("RMB")	**895**	–

16. BANK AND OTHER BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Bank borrowings		
— Variable rate trust receipt loans	**–**	11,816
— Variable rate advance to manufacturer loans	**–**	17,221
Other borrowings	**5,806**	–
	5,806	29,037

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.

As at 31 March 2017, the Group borrowed HK$5,806,000 with interest of 12% per annum and repayable within one year. As at 31 March 2016, the bank borrowings carry interests at Trade Finance Rate quoted by the lender plus 1.00% to 1.75% per annum. The ranges of effective interest rates on borrowings are 2.01 % to 6.75 % per annum as at 31 March 2017 (2016: 2.01% to 6.75% per annum).

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

	2017	2016
	HK$'000	*HK$'000*
HK$	**5,806**	–

The borrowings 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.

During the current year, the Group could not comply with certain bank covenants under the bank facilities, 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 renegotiation 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 of the bank borrowings as the Group could not comply with the shareholding requirement upon 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.

17. DEFERRED TAX ASSETS/LIABILITIES

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

	2017	2016
	HK$'000	*HK$'000*
Deferred tax liabilities	**1,922**	23
Deferred tax assets	**(12)**	(17)
	1,910	6

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

	Intangible asset	**Accelerated tax depreciation**	**Provision for long service payments and social welfare**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	–	97	(616)	(519)
(Credit) charge to profit or loss	–	(91)	616	525
At 31 March 2016	–	6	–	6
Acquisition of a subsidiary	3,094	–	–	3,094
(Credit) charge to profit or loss	(1,186)	(4)	–	(1,190)
At 31 March 2017	1,908	2	–	1,910

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$Nil (equivalent to approximately RMBNil) earned by the Group's PRC subsidiaries as at 31 March 2017 (2016: HK$11,529,600 (equivalent to RMB8,966,000)), 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 2017, the Group had unused tax losses of approximately HK$29,782,000 (2016: HK$30,099,000). 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 2017, the Group has deductible temporary differences on allowance for inventories of HK$11,578,000 (2016: HK$14,149,000). 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.

18. SHARE CAPITAL

The Company

	Notes	Number of shares	Amount HK$'000
Authorised:			
— At 1 April 2015, ordinary share of HK$0.10 each		1,000,000,000	100,000
— Increase in authorized share, ordinary share of HK$0.01 each	*(a)*	9,000,000,000	–
— At 31 March, 2016, ordinary shares of HK$0.01 each		10,000,000,000	100,000
— Effect of share subdivision to HK$0.002 each	*(c)*	40,000,000,000	–
— At 31 March 2017, ordinary shares of HK$0.002 each		50,000,000,000	100,000
Issued and fully paid:			
— At 1 April 2015, ordinary shares of HK$0.10 each		400,000,000	40,000
— Share subdivision of HK$0.01 each	*(a)*	3,600,000,000	–
— At 31 March 2016, ordinary shares of HK$0.01 each		4,000,000,000	40,000
— Issue of shares upon acquisition of an associate	*(b)*	226,022,723	2,260
— Share subdivision of HK$0.002 each	*(c)*	16,904,090,892	–
— Issue of shares upon placing	*(d)*	2,869,886,385	5,740
— Exercise of share options	*(e)*	1,600,000,000	3,200
— At 31 March 2017, ordinary shares of HK$0.002 each		25,600,000,000	51,200

Notes:

(a) 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.

(b) On 20 June 2016, 226,022,723 ordinary shares of the Company of HK$0.01 each were issued in relation to the acquisition of an associate.

(c) Pursuant to the resolutions of the shareholders passed at an extraordinary general meeting of the Company on 22 June 2016, every one issued and unissued ordinary share with a par value of HK$0.01 each in the share capital of the Company was subdivided into 5 ordinary shares with a par value of HK$0.002 each, such that the authorised share capital of the Company is HK$100,000,000 divided into 50,000,000,000 shares with a par value of HK$0.002 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.

(d) On 11 August 2016, 2,869,886,385 new shares of the Company were placed at the placing price of HK$0.0209 per placing share. For details, details of these are set out in the Company's announcement dated 11 August 2016.

(e) During the current period, 1,600,000,000 ordinary shares of the Company of HK$0.002 each were issued upon the exercise of 1,600,000,000 share options.

19. ACQUISITION OF A SUBSIDIARY

The fair values of the identifiable assets acquired and liabilities assumed of the Aji On as at the date of acquisition were as follows:

	HK$'000
Intangible assets	12,371
Bank balance and cash	637
Other payables	(769)
Deferred tax liabilities	(3,094)
Total identifiable net assets at fair value	9,145
Goodwill on acquisition	7,919
Plus: non-controlling interests (44.44% in Aji On)	(4,064)
Consideration was satisfied by:	
Cash and cash equivalent	13,000
An analysis of the cash flows in respect of the acquisition is as follows:	
Cash and cash equivalent acquired	(637)
Cash consideration paid	13,000
Net cash outflow	12,373

Goodwill arose on the acquisition of Aji On because of revenue growth and future market development in high-end fashion retail industry. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

If the acquisition had been completed on 1 April 2016, the revenue of the Group would have been approximately HK$1,363,200, and the loss for the year would have been approximately HK$7,338,000. The pro forma financial information is for illustrative purposes only and is not necessarily an indication of revenue and results of the Group that actually would have been completed on 17 May 2016 nor is it intended to be a projection of future profits.

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 2017, the Company continued to suffer from a tough retail environment globally and it has dampened 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 throughout the year. It is expected that there would be reduced sales from them, as well as higher demand from them for cost control and lower priced products. The slow down of economic growth in China will also hinder global economic recovery and adverse market environment shall persist. While we have stepped up the efforts in controlling our expenses, such as redundant of excessive headcount, we are also looking for innovative ways to weather the 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. The Group has commenced the Money Lending Business in Hong Kong during the year. The Group targets customers who look for substantial loan amounts and can offer security for the relevant loans.

During the year, except for the commencement of Money Lending Business, the Group had no material changes in its business nature and principal activities.

FINANCIAL REVIEW

Revenue

The Group's revenue declined from approximately HK$210.4 million for the year ended 31 March 2016 to approximately HK$60.8 million for the year ended 31 March 2017, representing a decrease of approximately 71.1%. The revenue of OEM Business decreased by approximately 75.0% to approximately HK$46.1 million for the year ended 31 March 2017 as compared to the year ended 31 March 2016. On the other hand, the revenue from the Retail Business decreased by approximately 68.2% to approximately HK$8.3 million for the year ended 31 March 2017 as compared to the year ended 31 March 2016.

For the OEM Business, sales orders for pure cashmere products dropped by approximately 64.3% from 255,000 units to 91,000 units for each of the year ended 31 March 2016 and 2017 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$138.6 million as compared to the year ended 31 March 2016. For the Retail Business, the Group sold approximately 136,000 units and 42,000 units from its Retail Business for each of the year ended 31 March 2016 and 2017 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.

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$6.4 million to the Group.

	Year ended 31 March			
	2017		2016	
	HK$'000	***%***	*HK$'000*	*%*
OEM Business	**46,126**	**75.8**	184,161	87.5
Retail Business	**8,318**	**13.7**	26,193	12.5
Money Lending Business	**6,386**	**10.5**	–	0.0
	60,830	**100.0**	210,354	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 64.6% to approximately HK$67.3 million for the year ended 31 March 2017 as compared to the year ended 31 March 2016. The gross profit margin decreased from approximately 9.7% for the year ended 31 March 2016 to approximately -10.6% for the year ended 31 March 2017. The gross profit decreased by approximately 131.6% to approximately HK$6.4 million loss for the year ended 31 March 2017 as compared to the year ended 31 March 2016.

Such decrease in gross profit was mainly attributable to, among other things, rising in labour cost, reduce in selling price and quantity and the continuing tough retail environment in the United States of America, which resulted in significant drop of sales order and increase in overhead cost.

Expenses

Selling and administrative expenses for the year ended 31 March 2017 were approximately HK$100.5 million (year ended 31 March 2016: approximately HK$56.4 million), representing an increase of approximately HK$44.1 million.

The increase 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, which were subsequently withdrawn and lapsed respectively.

Loss for the year

The loss for the year ended 31 March 2017 was approximately HK$297.0 million. The loss for the year ended 31 March 2016 was approximately HK$29.3 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2017, the share capital and equity attributable to owners of the Company amounted to approximately HK$51,200,000 and HK$407,359,000 respectively (31 March 2016: HK$40,000,000 and HK$93,762,000 respectively). Details of the capital risk management are set out in the Note 36 to the consolidated financial statements.

As at 31 March 2017, the Group had approximately HK$3.7 million in bank balances and cash (31 March 2016: HK$16.9 million).

As at 31 March 2017, the Group's total borrowings were HK$5.8 million (31 March 2016: HK$29.0 million). The current ratio was 6.40 at 31 March 2017 (31 March 2016: 2.24) and the gearing ratio was approximately 1.39% at 31 March 2017 (31 March 2016: approximately 31%).

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 2017 and 2016.

GEARING RATIO

As at 31 March 2017, the Group's gearing ratio was approximately 1.4% (31 March 2016: approximately 30.9%), based on total debt of approximately HK$5.8 million and total equity of approximately HK$408.7 million.

Note: Gearing ratio is calculated as the total debt divided by total equity. Total debt includes bank and other borrowing.

CHARGE OVER ASSETS OF THE GROUP

As at 31 March 2017, the Group had pledged bank deposits was nil (31 March 2016: pledged bank deposits of approximately HK$14.4 million). These deposits were pledged to banks to secure bank facilities granted to the Group. All the bank borrowings were fully repaid during the year.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS, AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

On 28 April 2016, the Group entered into a sales and purchase agreement with New Star International Development Limited, SOPD, Incsight Limited, Zhu Jun, Lai Kwok Ho, Li Jia, Chi Weina and Ji Wei ("Vendors") and The9 Limited ("Guarantor") pursuant to which the Group conditionally agreed to purchase 47.63% of equity interests in Red 5 Studios, Inc. ("Target Company"), a limited liability company incorporated in Delaware, the United States of America for a total consideration of US$76,500,000 (equivalent to approximately HK$596,700,000). The Target Company and its subsidiaries are principally engaged in the development of innovative entertainment software and online games in the United States of America, Europe, the PRC and Southeast Asia.

The transaction was completed on 20 June 2016. 226,022,723 shares at issue price of HK$2.64 per share were allotted and issued to Vendors in proportion to numbers of shares sold by the Vendors. Details are set out in the announcements of the Company dated on 28 April 2016 and 20 June 2016.

Save for above, there were no significant investments held as at 31 March 2017, nor other material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 March 2017. There is no future plan for material investments or capital assets as at 31 March 2017.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group had no material contingent liabilities (2016: 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 2017, the Group employed approximately of 23 employees. The Group's staff cost for the year ended 31 March 2017 amounted to approximately HK$30.9 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

Particulars of retirement benefits plans of the Group as at 31 March 2017 are set out in note 31 to the consolidated financial statements.

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 2017.

Business plan as set out in the Prospectus	Progress up to 31 March 2017
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 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 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 2017, the Group has concentration of credit risk as 42% (2016: 76%) 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 98% (2016: 92%) of the total trade receivable as at 31 March 2017. 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 2017. 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 2017**
	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

EVENTS AFTER THE REPORTING PERIOD

Lim Hang Young's Winding Up Petition

Reference is made to the Company's announcement dated on 13 June 2017 and 16 June 2017. The Company has on 9 June 2017 received a petition (the "Petition") dated on 6 June 2017 filed by Mr. Lim Hang Young (the "Petitioner") against (i) the Company and (ii) Yang's Holdings Capital Limited (the "2nd Respondent") as respondents (collectively, the "Respondents").

The Petitioner alleged, inter alia, that (i) the 2nd Respondent had lend out its business to the Company and was warehousing the shares for the real owner of the shell; (ii) the 2nd Respondent has engaged in many share pledge borrowing activities; and (iii) the acquisitions of Red 5 Studios, Inc. was a deceit; and (iv) the affairs of the Company have been mismanaged, which in the circumstances render it just and equitable and desirable in the interest of the Company's shareholders and/or general investing public to wind up the Company.

The Petition was taken out in the Court of First Instance, High Court, Hong Kong Special Administrative Region against the Respondents. The call over of the Petition has been fixed to be heard on 6th September 2017 at 9.30a.m.

According to Section 182 of the Companies Ordinance (Cap. 622, Laws of Hong Kong), the effect of the Petition, unless and until it is dismissed or a validation order is sought, is that any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company, made after the commencement of the winding up, shall unless the court otherwise orders, be void.

The position of the Company towards the Petition is that the facts stated in the Petition are not true and that the Petition will be strenuously opposed, including making an application to dismiss/strike out the Petition.

The Company will apply for a validation order and also make an application to dismiss/strikeout in due course.

The Company is seeking advice in respect of the Petition and will make further announcement(s) to keep its shareholder and investors informed of any significant development of the Petition as and when appropriate.

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 authorised share capital of the Company us HK$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 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 2017.

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 84.5% of the total sales for the year ended 31 March 2017 and sales to the largest customer included therein accounted for approximately 69.0% of the total sales for the year ended 31 March 2017. Purchase from the Group's five largest suppliers accounted for approximately 96.1% of the total purchase for the year ended 31 March 2017 and purchase from the Group largest supplier included therein accounted for approximately 53.1% of the total purchase for the year ended 31 March 2017.

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

During the year ended 31 March 2017, none of the Directors nor the controlling shareholders or any their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

DEED OF NON-COMPETITION

Details of the deed of non-competition entered in to by YWH Investment Holding Limited, Yang's Holdings Capital Limited and Mr. Yang Wan Ho as settlor of the Yang's Family Trust are set out in section headed "Relationship with the Controlling Shareholder" in the prospectus of the Company dated 30 September 2014. According to the deed of non-competition, if the controlling shareholder and their associates no longer hold 30% of the shares of the Company, the deed of non-competition will lapse automatically. The original controlling shareholders have disposed all their shares during the year. The deed of non-competition has automatically lapsed.

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 2017 up to the date of this announcement, 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. During the Year, Mr. Yang Si Kit Kenny had resigned and 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 2017.

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 2017, 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 2017. The Group's results for the year ended 31 March 2017 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 2017. Details of the attendance of the Audit Committee member at the Audit Committee meetings are set out above.

Subsequent to the reporting period, on 20 April 2017, Mr. Kwong Lun Kei Victor ceased to be a member of Audit Committee. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Ng Kai Shing (Chairman), Mr. Li Kin Ping 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 25 January 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 24 January 2018 (Wednesday) to 25 January 2018 (Thursday), both day inclusive, during which period no transfer of Shares will be registered. The record date will be 25 January 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 31/F, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on 23 January 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 2017 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 2017 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, 28 June 2017

As at the date of this announcement, the Board comprises one executive Director, namely, Mr. Ng Ka Ho and three independent non-executive Directors, namely, Mr. Ma Chi Ming, Mr. Ng Kai Shing and Mr. Li Kin Ping.