

**L And A INTERNATIONAL HOLDINGS LTD:  
TODAY, A SHARE OF THIS COMPANY  
IS WELL WORTH ONE CENT**

Anybody in his right mind, on scanning the Placing Prospectus of L and A International Holdings Ltd () (Code: 8195, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd) would never consider, buying shares in this manufacturer of cashmere apparel.

But that right-minded person would have missed out on catching that gold ring on the merry-go-round of the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Because the share price of this Company rose 730 percent within the first six trading days of The GEM.

**TARGET** () can find no rhyme or reason for this situation and shall not even hazard a guess.

**The Share Placements**

L and A International published and promulgated its Placing Prospectus on Tuesday, September 30, 2014.

The Prospectus stated that 100 million, 10-cent Shares would be Placed at a price, ranging between 40 cents and 60 cents per Placing Share.

On October 9, 2014, Management announced that the Placing Price had been determined at 60 cents, the highest, wished-for level.

The Company stated that the 100 million Shares had been Placed with 125 selected individuals, professionals and institutional investors.

The net proceeds of the IPO amounted to about \$HK43.20 million and it is to be utilised as follows:

1. Approximately, \$HK27.20 million would be allocated in order to expand and to strengthen the Company's OEM business<sup>1</sup>;
2. Approximately, \$HK11.70 million would be allocated in order to expand and to strengthen the Company's brand-name in the retail marketplace and in establishing new retail outlets; and,
3. Approximately, \$HK4.30 million would be tipped into the Company's Working Capital Account.

<sup>1</sup> **OEM** = **O**riginal **E**quipment **M**anufacturer. This term is employed to describe a manufacturer that is involved in the production of goods for customers under the customers' brand-name(s).

As for the reasons for the Placement of 100 million Shares, Page 292 of the Prospectus makes the following statement:

*'The Directors believe that the Listing will enhance the Group's profile and recognition. In addition, the Board is also of the view that despite the estimated net proceeds from the*

*Placing (based on the midpoint of the indicative Placing Price range) only amount to approximately HK\$33.8 million, the Listing and the Placing will provide the Company with additional avenues to raise capital for the future business expansion and long-term development, and expand and diversify the capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of the Company. The net proceeds from the Placing of the Placing Shares will strengthen the Group's financial position and provide us with additional working capital to implement the future plans ...'.*

The above statement is interesting for a number of reasons, one of which is that, as at March 31, 2014, the Company had bank balances and cash and pledged bank deposits, aggregating about \$HK12.84 million.

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