LCT Holdings Limited

Annual Report 2017

CONTENTS

LETTER TO SHAREHOLDERS

Dear Shareholders:

A STEADY YEAR

The Board of Directors of LCT Holdings Limited presents its Annual Report for the year ended 30 June 2017 (“FY2017”).

The shareholders approved divestment of the Group’s 21.89% stake in Mentech Investment Limited (“Mentech”) on 26 September 2016 completed our exit from the volatile electronics industry. As a result, the current business of the Group is investment of property in Xi’an, China for rental income.

Revenue and gross profit for FY2017 increased by 4% to RMB 11.8 million and RMB 9.1 million respectively. The increase was due to higher average rental rate upon lease renewals. Administrative expenses fell by 13% to RMB 7.9 million, primarily due to professional fees related to the sale of Mentech in FY2016.

In FY2017, the Group recorded gain on the disposal of available-for-sale financial assets and unrealised foreign exchange movements amounting to RMB 0.7 million. This compared to a loss on disposal of interest in an associate and unrealised forex losses amounting to RMB 3.8 million in the prior year. Additionally, the Group provided for deferred tax liabilities of RMB 8.0 million in relation to the tax effect of temporary difference arising from the fair value change on the investment property and offset with the deferred tax assets arising from unused tax losses that can be utilised in the future.

The sale of Mentech resulted in an absence of a contribution from the associate in the current year. As a result of this and the items detailed above, the Group booked a loss of RMB 6.2 million in FY2017, compared to a profit of RMB 6.4 million in the prior year.

On 14 October 2016, the Group distributed a special dividend of S$0.70 per share, funded by proceeds from the sale of Mentech and internal reserves. For reasons of fiscal prudence, no dividend has been declared for the current year.

APPRECIATION

Over the years, our Group has established a track record and reputation for creating and sharing value with all our stakeholders.

Our appreciation goes to the Board of Directors for their wise counsel. In particular, I wish to recognise the invaluable contribution of Dr. Du Junhong and Mr. Deng Hua. Dr. Du Junhong has relinquished his role as Chairman and Executive Director, while Mr. Deng Hua, who served as CEO and also held the post of Chairman, has stepped down from these roles while continuing to serve as Executive Director of our Group. Both men have provided exceptional service during their many years leading our Group under challenging conditions.

I also take this opportunity to recognise our management team and staff for their dedication and hard work in supporting the Group over the past year. Last but not least, we offer our heartfelt thanks to our shareholders who have continued to place their faith and trust in us.

Our Board and management will remain vigilant in ensuring that our existing operations are efficiently managed. We will also continue to consider all available options which are in the interests of the shareholders, including seeking out strategic opportunities that fit with our long-term vision and objectives. Shareholders will be informed should any definitive decisions be made.

BY ORDER OF THE BOARD
Mr. Du Junqi
Executive Chairman

BOARD OF DIRECTORS

The biographical details of the Directors of the Company at the date of this report are as follows.

Mr. Du Junqi
Executive Director, Chairman and Chief Executive Officer

Mr. Du Junqi is our Chairman and CEO. Mr. Du Junqi was appointed to the Board on 1 March 2017. He is responsible for the implementation of the Group's policies and strategies, and exploring new business opportunities for the Group. Mr. Du Junqi was the General Manager of Shanghai Quanrun Investment Co., Ltd. from June 2005 to July 2007. In August 2007, he joined Xi'an Acheers Investment Co., Ltd. as the General Manager, in charging of the overall operations and development strategies. Furthermore, he is the founder of Shanghai Donghe9gu Oxygen Land Co., Ltd, which combines farming and tourism together.

Mr. Du holds a Master Degree of Electronic Engineering from Kanazawa University and a Bachelor Degree of Electronic Structures from Beijing University of Posts and Telecommunications.

Dr. Ow Chin Hock
Non-Executive and Independent Director

Dr. Ow Chin Hock was appointed to our Board as an Independent Director on 1 February 2005 and was last re-elected on 26 October 2015. Currently, he is Associate Senior Fellow of ISEAS-Yusof Ishak Institute, Singapore.

Dr. Ow obtained his Bachelor of Art (Honours) in Economics from the University of Singapore in 1966. He was awarded Fulbright Grant and Ford Economics Fellowship to do graduate studies in USA in 1966. He obtained his Master of Arts (Economic Development) and PhD (Economics) from Vanderbilt University, Tennessee, USA in 1968 and 1972 respectively. He held the posts of lecturer, senior lecturer and associate professor with the National University of Singapore from 1972 to 1993. He played a pivotal role in the listing of Pan-United Corporation Ltd in the Singapore Stock Exchange and served as the Company's Executive Chairman, and Chairman of all its three joint ventures in China from 1993 to 1997.

Dr. Ow was elected Member of Parliament (MP) of Singapore from 1976 to 2001. During his six terms as MP, he was appointed Parliamentary Secretary for the Ministry of Culture and subsequently, the Ministry of Education from 1976 to 1981. He also served as Organizing Secretary, People's Action Party from 1985 to 2000, and Chairman of three Town Councils successively from 1988 to 2001. He was Minister of State in the Ministry of Foreign Affairs and Mayor of the Tanjong Pagar Community Development Council from 1997 to 2001, and Ambassador-at-Large from 2002 to 2004.

Dr. Ow was appointed Adjunct Professor with Nanyang Technological University (2004 - 2007) and Visiting Professor of Xiamen University (Department of Finance, Faculty of Economics), China (2008 – 2011). He also served as independent Director of Singapore Airport Terminal Services Ltd (2002 -2009), and independent Director of People's Food Holdings (2003 - 2013).

Mr. David Hwang Soo Chin
Non-Executive and Independent Director

Mr. Hwang joined the Board on 22 October 2007 and was last re-elected on 28 October 2016. Mr. Hwang has more than 30 years of working experience in both manufacturing and property development industries and held senior management positions and board appointments in various public listed and private companies both in Singapore and abroad. Mr. Hwang sits on the Board of Directors of Singhaiyi Group Limited as an Independent Director.

He holds a Bachelor of Engineering (Chemical) Degree and a Diploma in Computer Science from the University of Queensland.

Mr. Deng Hua
Executive Director

Mr. Deng Hua is our Executive Director. He is a founder of our Group. Mr. Deng was appointed to the Board on 1 February 2005 and was last re-elected on 30 October 2014. He is responsible for the day-to-day operations of our Group. Prior to this, Mr. Deng was with Nanjing CRT Factory as section head of the production planning division from August 1992 to July 1995. Thereafter, he joined San Neng Electronic Instruments Co., Ltd as head of the manufacturing division, before leaving in March1997 to join the quality assurance division of Nanjing Huapu

Electronics Co., Ltd. (which manufactures cathode-ray-tubes used in television sets and computers), where he was responsible for quality management and after-sales support. In March 1999, he was appointed head of the planning division, mobile phone department, of ZTE Corporation. Mr. Deng has a Bachelors of Engineering from the Technology and Physics Faculty of Xi Dian University, China. He completed his Executive MBA programme from China Europe International Business School.

Mr. See Yen Tarn
Non-Executive and Independent Director

Mr. See joined the Board as a Non-Executive Director on 22 October 2007 and was last re-elected on 28 October 2016. He holds a Bachelor degree in Accountancy from the National University of Singapore. Mr. See is also a Chartered Accountant from England and Wales. He has more than thirty years of working experience at senior management level in various industries and has held such positions as Chief Financial Officer, Executive Director and Deputy Group Managing Director for both listed and non-listed entities in Singapore, Indonesia, Hong Kong, China and Australia. Mr. See is currently the Group Chief Executive Officer of CSC Holdings Limited, a company listed on the Singapore Stock Exchange.

Mr. Tao Qiang
Non-Executive Director

Mr. Tao Qiang is our Non-Executive Director. He is a founder of our Group and was appointed to the Board on 20 August 2004 and was last re-elected on 30 October 2014. Mr. Tao graduated from Nanjing Polytechnic College, where he majored in auditing. From 1990 to 1995, Mr. Tao was with the auditing department of Nanjing Vessel Radio Research Institute, where he was last an assistant accountant. Subsequently, Mr. Tao ventured into business, and is now a legal representative as well as shareholder of Nanjing Hai Zhi Yuan Yu Le Co., Ltd. amongst others.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive
Mr. Du Junqi
(Appointed as Executive Director on 1 March 2017 and appointed as Executive Chairman on 20 September 2017)
Mr. Du Junhong
(Resigned as Executive Director and Executive Chairman on 28 February 2017)
Mr. Deng Hua
(Appointed as Executive Chairman on 1 March 2017 and resigned as Executive Chairman on 19 September 2017)
Non-Executive
Mr. Tao Qiang
Mr. David Hwang Soo Chin *(Independent)*
Dr. Ow Chin Hock *(Independent)*
Mr. See Yen Tarn *(Independent)*

MANAGEMENT TEAM
Mr. Du Junqi
(Appointed as Executive Chairman and Chief Executive Officer on 20 September 2017)
Dr. Du Junhong
(Resigned as Executive Chairman on 28 February 2017)
Mr. Deng Hua
(Appointed as Executive Chairman on 1 March 2017 and resigned as Executive Chairman and Chief Executive Office on 19 September 2017)

AUDIT COMMITTEE
Mr. See Yen Tarn *(Chairman)*
Mr. David Hwang Soo Chin
Dr. Ow Chin Hock

NOMINATING COMMITTEE
Mr. David Hwang Soo Chin *(Chairman)*
Dr. Ow Chin Hock
Mr. Du Junqi
(Appointed on 1 March 2017)
Dr. Du Junhong
(Resigned on 28 February 2017)

REMUNERATION COMMITTEE
Dr. Ow Chin Hock *(Chairman)*
Mr. David Hwang Soo Chin
Mr. Tao Qiang

COMPANY SECRETARY
Ms. Claudia Teo Kwee Yee

ASSISTANT COMPANY SECRETARY
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
Building 1, No. 401
Caobao Road,
Shanghai, China 200233

SINGAPORE SHARE REGISTRAR/SHARE TRANSFER AGENT
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

BERMUDA SHARE REGISTRAR
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

JOINT AUDITORS
BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

AUDIT PARTNER-IN-CHARGE
BDO Limited
Mr. Cheung Or Ping
(Commencing the financial year ended 30 June 2013)
BDO LLP
Ms. Khoo Gaik Suan
(Commencing the financial year ended 30 June 2016)

PRINCIPAL BANKERS
DBS Bank Ltd.
IBG-TMT
12 Marina Boulevard
#46-00 DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

CORPORATE GOVERNANCE REPORT

LCT Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") view good corporate governance as the hallmark of a well-managed organisation. The Board of Directors (the "Board") and the Management Team (the "Management") of the Company are thus fully committed to maintaining and upholding the highest standards of corporate governance, professionalism, integrity and commitment at all levels within the Group, underpinned by strong internal controls and risk management systems, to continuously enhance shareholder value.

This corporate governance report sets out the Group's corporate governance processes and structures that are in place during the financial year ended 30 June 2017 ("FY2017"), with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") which forms part of the continuing obligations of the Listing Manual of the SGX-ST (the "Listing Manual").

The Board confirms that, for FY2017, the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Report.

THE BOARD'S CONDUCT OF ITS AFFAIRS (Principle 1)

The Board comprises Directors with a wide range of skills, experience and qualities in the field of investment property. The Board holds regular scheduled Board meetings throughout the year and ad-hoc meetings are convened as and when warranted by particular circumstances between the scheduled meetings. The bye-laws of the Company (the "Bye-laws") provide for meetings may be held by telephone, electronic or other communication facilities which permit all participants to communicate with each other simultaneously and instantaneously.

To facilitate effective execution of its function, the Board is supported by three sub-committees (the "Board Committees"), the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of the committees has its own terms of reference setting out its role and has the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board supervises the Management and the corporate affairs of the Group. Apart from fulfilling its statutory responsibilities, the principle functions of the Board include:

(i) Approving the Group's strategic objectives, key operational initiatives, major investments and divestments as well as funding requirements and monitoring the performance of the Management towards achieving adequate shareholders' value;

(ii) Approving the budget and reviewing the performance of the Group's business;

(iii) Approving the release of the financial results of the Group to shareholders;

(iv) Providing entrepreneurial leadership and guidance in the overall management of the business and affairs of the Group, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(v) Overseeing the processes related to risk management and internal control, financial reporting and compliance;

(vi) Approving the recommended framework of remuneration for the Board and key executives by the Remuneration Committee;

(vii) Identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(viii) Setting the Group's values and standards (including ethical standards) and ensuring that obligations to shareholder and other stakeholders are understood and met;

(ix) Appointment of the Company Secretary; and

(x) Considering sustainability issues relating to the environmental and social factors as part of the strategic formulation of the Group.

The fiduciary responsibilities of the Board include:

(i) to conduct itself with proper due diligence and care;

(ii) to act in good faith;

(iii) to comply with applicable laws; and

(iv) to act in the best interests of the Company and its shareholders at all times.

Directors are provided with regular updates, particularly on relevant new laws, regulations, financial reporting standards, changing commercial risks, and information of the industry to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. Where appropriate, the Company will arrange for Directors to attend seminars and receive training to improve themselves in discharging of their duties as Directors.

The Directors also have access to the advice and services of the Company Secretary and the Management, and may in appropriate circumstances, seek independent professional advice concerning the Group's affairs. The Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices.

The Company also works closely with professionals as and when appropriate to provide its Directors with updates in changes to relevant laws, regulations and accounting standards. During FY2017, the Company's external auditors updated the Board on the new or revised financial reporting standards and auditing standards.

Newly-appointed Directors will be given an orientation program with materials provided to familiarise themselves with the profile of the Group and the Management, business and organisational structure of the Group, and strategic plans and mission of the Company. In addition, the newly-appointed Director will undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. For first-time Directors, the Company will provide relevant training in areas such as accounting, legal and industry-specific knowledge as appropriate. Upon appointment of each Director, the Company will also provide a formal letter to each Director which sets out their duties and obligations.

The Company shall be responsible for arranging and funding the training of Directors.

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, acceptances of bank facilities, annual budget, the release of the Group's quarterly and full year's results and interested person transactions of a material nature and the Management is fully apprised of such matters.

Details of Directors' attendance at Board and Committee meetings held during FY2017 are set out in the table below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Name of Director	**No. of meeting(s) attended / No. of meeting(s) held**			
Dr. Du Junhong [(1)]	3/3	-	2/2	-
Mr. Deng Hua	4/4	-	-	-
Mr. Du Junqi [(2)]	1/2	-	-	-
Mr. Tao Qiang	4/4	-	-	1/1
Dr. Ow Chin Hock	4/4	4/4	2/2	1/1
Mr. David Hwang Soo Chin	4/4	4/4	2/2	1/1
Mr. See Yen Tarn	4/4	4/4	-	-

Notes:

(1) Dr. Du Junhong resigned as Executive Chairman, Director and a member of the Nominating Committee (NC) of the Company on 28 February 2017.

(2) Mr. Du Junqi was appointed as Executive Director and a member of the NC of the Company on 1 March 2017 and appointed as Executive Chairman and Chief Executive Officer on 20 September 2017.

BOARD COMPOSITION AND GUIDANCE (Principle 2)

The Board currently comprises six members, three of whom are independent non-executive directors. This high representation of independent directors serves the Company well. The Board has, using its collective experience and expertise, at all times exercised independent judgment in decision making to act in the best interests of the Company.

Key information on the Board is found on pages 2 to 3 of the Annual Report. The present composition of the Board complies with the Code's guidelines that independent directors make up at least one-third of the Board.

The NC and the Board are also of the view that given the scope, nature and scale of the operations of the Group, the size of the Board is appropriate and facilitates effective interaction between Board members and decision making. The Directors also bring with them a wealth of experience, an extensive business network and expertise in specialised fields such as accountancy and corporate finance. Accordingly, the Board comprises persons who, as a group, have both the appropriate balance and diversity of skills, experience and knowledge, and the necessary core competencies to lead and manage the Group. The NC reviews the Board's structure, size and composition annually, and as and when circumstances require.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Balance and Diversity of the Board		
Core Competencies	**Number of Directors**	**Proportion of Board**
- Accounting or finance	6	100%
- Business management	6	100%
- Legal or corporate governance	2	33%
- Relevant industry knowledge or experience	3	50%
- Strategic planning experience	6	100%
- Customer based experience or knowledge	3	50%

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) by assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/ or the re-appointment of incumbent Directors.

NC has noted the results of a study done on the percentage of female representation on SGX-listed boards and female representation in boardrooms globally. Although generally supportive of gender diversity on the board, the NC would require more time to consider the same including possible recommendations and guidelines that may be issued by the authorities on the subject.

Non-executive directors contribute to the Board process by monitoring and reviewing the Management's performance against goals and objectives. Their views and opinions provide an alternative perspective to the Group's business. When challenging the Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

To facilitate a more effective check on the Management, non-executive directors are encouraged to meet regularly without the presence of the Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)

Mr. Du Junqi is both the executive chairman of the Board ("Executive Chairman") and the chief executive officer ("CEO") of the Company.

As the Executive Chairman, Mr. Du Junqi leads Board discussions and deliberations. He ensures that Board meetings are held regularly and as and when necessary. He sets the agenda and ensures that Directors are provided with complete, adequate and timely information. He also assists in ensuring compliance with the Group's guidelines on corporate governance. As a general rule, Board papers are sent to Directors in advance of Board meetings so that Directors are well-versed with matters put before the meetings, ensuring that discussions are focused on matters tabled. Board papers include sufficient financial, business and corporate information for the Board members to be effectively engaged on matters to be discussed at Board meetings.

As the CEO, Mr. Du Junqi is responsible for the day-to-day management of the Group. He executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business through regular management reports.

All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all Directors. As such, there is a balance of power and authority and no one Director individually controls and dominates the decision-making process of the Group.

The Board recognises that best practices of corporate governance advocate that the chairman of the board and the chief executive officer of the Company should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the board for independent decision making.

The Board also recognises that there are instances where the two roles may be performed by one person for valid reasons, and that such a practice is not uncommon both locally and in other developed jurisdictions. The holding of dual roles of Executive Chairman and CEO by the same Director, together with the strengths brought to these roles by a person of Mr. Du Junqi's stature and experience has been considered by the Board.

There are internal controls in place to allow for effective oversight by the Board of the Company's business to ensure an appropriate balance of power and authority is exercisable by the Board to enable objective decision making in the interests of the Company. In view of the management structure in place and the high representation of independent Directors (one half of the Board are independent non-executive directors), the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Executive Chairman from that of the CEO to facilitate the Company's decision making and implementation process.

BOARD MEMBERSHIP (Principle 4)

The NC is regulated by a set of written terms of reference endorsed by the Board. The NC comprises three members, a majority of whom are independent, including the Chairman of the NC who is not associated in any way with the substantial shareholders of the Company.

The members of the NC as at the date of this Report are:

Mr. David Hwang Soo Chin (Chairman)
Dr. Ow Chin Hock
Mr. Du Junqi

Under its terms of reference, the NC is responsible for:

(i) Making recommendations to the Board on all Board appointments, including the development of a set of criteria for Director's appointment and re-appointment;

(ii) Determining annually the independence of a Director;

(iii) Ensuring that all Directors submit themselves for re-nomination and re-election at least once every 3 years;

(iv) In respect of a Director who has multiple Board representations on various companies, deciding whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(v) Reviewing training and professional development programmes for the Board;

(vi) Reviewing the Board's performance; and

(vii) Assessing the effectiveness of the Board as a whole.

During FY2017, the NC met twice, with full attendance of its members.

In the selection and nomination of new Directors to the Board, the NC reviews and assesses the potential candidates for directorships before making recommendations to the Board. In recommending the potential candidates, the NC takes into consideration the skills and experience required to support the Group, having regard to the attributes, composition and size of the existing Board. The Board is of the view that the process for the appointment of new Director(s) is adequate.

The NC has reviewed the independence of each Director for FY2017 as stipulated in the Code and is of the opinion that each of Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. See Yen Tarn are independent. The NC notes that the Code requires the Board to subject to rigorous review the independence of any Director who has served for a period of nine years from the date of his first appointment. In view of the above, the NC is of the view that although Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. See Yen Tarn have served beyond nine years as an independent director since 2007, they continue to express their individual viewpoints, debate issues and objectively and constructively challenge the Management's proposals and decisions on business activities and transactions that may involve conflicts of interests and other complexities. The NC has determined that Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. See Yen Tarn's tenure in office have not affected their independence and ability to bring independent and considered judgment to bear in their discharge of duties as a member of the Board and Board Committees. The Board concurred with the NC's views after having considered the confirmation of independence forms submitted by the independent non-executive directors.

The NC evaluates the performance of the Board as a whole and Board Committees based on performance criteria set by the Board. The criteria for assessing the Board's and Board Committees' performance include the Board's composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance to and communication with the Management. The level of contribution to Board meetings and other deliberations are also considered.

The year of initial appointment and last re-election of each Director as well as their present and past directorships in other listed companies and principal commitments as at the date of this report are set out below:

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Principal Commitment
Mr. Deng Hua	1 February 2005	27 October 2014	Nil	Nil	Nil
Mr. Du Junqi	1 March 2017	NIL	Nil	Nil	Nil
Mr. Tao Qiang	20 August 2004	27 October 2014	Nil	Nil	Nil
Dr. Ow Chin Hock	1 February 2005	26 October 2015	Nil	Nil	Nil
Mr. David Hwang Soo Chin	22 October 2007	28 October 2016	Singhaiyi Group Limited	Nil	Nil

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Principal Commitment
Mr. See Yen Tarn	22 October 2007	28/October/2016	Singhaiyi Group Limited; CSC Holdings Limited	Nil	CSC Holdings Limited

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC noted that Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments and while Mr. David Hwang Soo Chin and Mr. See Yen Tarn hold directorships in other listed companies (which are not in the Group), there was full attendance at the Board and Board Committee meetings during FY2017.

Given the above, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

The NC is satisfied that all Directors have discharged their duties adequately for FY2017.

Bye-Law 86 (1) provides that each Director is required to retire at least once in every 3 years by rotation. The retiring Directors are eligible to offer themselves for re-election. The NC has recommended Mr. Deng Hua and Mr. Tao Qiang, who are retiring at this forthcoming Annual General Meeting ("AGM"), and have offered themselves for re-election as Directors of the Company.

There were no alternate directors appointed on the Board for FY2017.

BOARD PERFORMANCE (Principle 5)

The NC has established a formal process to assess the performance of the Board and effectiveness of the Board as a whole as well as to assess the individual Directors for their contribution and their commitment to their role. Such performance criteria, which allow for comparison with industry peers, are approved by the Board and they address how the Board has enhanced long term shareholder value. The Board has not changed any of such performance criteria during FY2017. In addition, each member of the NC shall abstain from deliberating in respect of the assessment of his or her performance.

Formal review of the Board's performance is undertaken collectively and individually by the Board annually. The evaluation exercise is carried out annually by way of performance evaluation checklists which are circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole.

Informal evaluation of the performance of the Board is undertaken on a continuous basis by the NC with inputs from the executive directors and the Executive Chairman. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek resignation of current Directors.

The performance criterion for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

The performance criterion for the individual Director's evaluation includes his commitment and attendance at board and committee meetings, his other contributions to the Group and his standards of conduct.

The evaluation of the Board's performance and individual Director's contribution is conducted by a questionnaire to be completed by each individual Director. The findings are then collated and analysed, and thereafter presented to the NC, which will, in consultation with the Chairman, take appropriate actions to address the findings of the performance assessment. No external facilitator was engaged for the evaluation process in FY2017.

The NC is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board and that the Board has met its performance objectives.

ACCESS TO INFORMATION (Principle 6)

The Board is provided with detailed Board papers prior to every Board meeting. The Board papers are furnished to Board members with sufficient time for the Directors to obtain additional information or explanations from the Management if necessary. Requests for information from the Board are dealt with promptly by the Management. The Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, the Management is normally invited to attend the Board meetings.

The Board also receives regular reports on the Group's performance and business activities as well as updates of on-going projects and other business matters.

The Directors have separate and independent access to the Management and the Company Secretary at all times and on all matters whenever they deem necessary.

The Company Secretary, or his authorised persons, is responsible to administer and attend all meetings of the Board and Board Committees and to prepare all the minutes of such meetings. The Company Secretary is responsible for ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Bye-Laws and the relevant rules and regulations (in particular the Listing Manual) applicable to the Company are complied with.

The Company Secretary's responsibilities also include ensuring good information flows within the Board and the Board Committees and between the Management and non-executive directors as well as facilitating orientation and assisting with professional development, as required. The appointment and removal of the Company Secretary is a matter for consideration by the Board as a whole.

Where necessary, the Company will, upon the request of Directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense to enable the Directors to effectively discharge their duties.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (Principle 7)

The Remuneration Committee ("RC") is regulated by a set of written terms of reference endorsed by the Board. The RC comprises three members, all of whom are non-executive directors and a majority of whom, including the Chairman, are independent.

The members of the RC as at the date of this report are:

Dr. Ow Chin Hock (Chairman)
Mr. David Hwang Soo Chin
Mr. Tao Qiang

Under its terms of reference, the RC is responsible for:

(i) Determining and recommending to the Board specific remuneration packages and terms of employment for each of the executive directors;

(ii) Reviewing the Company's obligations arising in the event of termination of an executive director's and key management personnel's service contracts, to ensure that such contracts contain fair and reasonable termination clauses that are not overly generous.

(iii) Reviewing the remuneration packages of senior management of the Group;

(iv) Reviewing and recommending to the Board, a framework of remuneration for executive directors and key executives. In establishing the remuneration framework, the RC takes into account the performance of the Group as well as the Directors and key executives. The Group adopts an overall remuneration policy comprising a fixed component in the form of a basic salary and a variable component. The variable component is by way of a bonus that is linked to the Group's and the individual's performance;

(v) Seeking appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary; and

(vi) Administering the Group's long-term incentive scheme, the share award plan, and considering the eligibility of Directors for benefits under the scheme.

During FY2017, the RC met once, with full attendance of its members.

Annual review of the remuneration packages of the executive directors was carried out by the RC to ensure that the remuneration of the executive directors commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group.

During FY2017, the RC did not require the service of an external remuneration consultant.

LEVEL AND MIX OF REMUNERATION (Principle 8)

The Board's remuneration policy is intended to attract capable individuals to the Board as well as to retain and motivate them in their roles. The Board believes that it is essential to remunerate Directors equitably to attract and retain individuals with the necessary qualifications and capabilities. The Board ensures that its remuneration policies are in line with the strategic objectives of the Company and are aligned with similar industries in the region.

The executive directors namely, Mr. Deng Hua and Mr. Du Junqi are paid based on their service agreements with the Company.

Mr. Deng Hua had entered into a new service agreement with the Company for a period of 3 years commencing from 1 March 2017, with automatic renewal every 3 years thereafter subject to confirmation by the Company. The revised service agreements supersede the previous service agreements entered into by Mr. Deng Hua. The service agreements provide for termination by either the executive director or the Company with a 6-month written notice period.

Mr. Du Junqi had entered into a service agreement with similar terms on 1 March 2017.

The non-executive directors do not have any service agreements with the Company. The current remuneration of the non-executive directors takes the form or a fixed fee and is commensurate with the level of contribution, taking into account factors such as effort and time spent for serving the Board and Board Committees, other responsibilities of the Directors and the particular circumstances applicable to the Company, and the practice of companies in the same industry, of comparable size and having similar business models.

The Board recognises the need to pay competitive (but not excessive) fees to attract, motivate and retain Directors. The Directors' fees are recommended by the RC for the Board's approval and will be paid only after approval by shareholders at the forthcoming AGM.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

The performance of the CEO (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

Executive directors do not receive directors' fees but are remunerated as members of the Management. The remuneration package of the executive directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Having reviewed and considered the variable components of the executive directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive directors in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION (Principle 9)

The Management has recommended to the RC and the Board an amount of S$188,000 (2016: S$188,000) as Directors' fees for the non-executive directors for FY2017. The Board will table the Directors' fee at the forthcoming AGM for shareholders' approval. No Director was involved in determining his own remuneration.

The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the actual remuneration of each Director, the CEO and key management personnel pursuant to Rule 1207(15) and Rule 1207(12) of the Listing Manual and Guideline 9.2 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature, and can be exploited by competitors. The Board is also of the view that a disclosure of the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) would not be in the interests of the Company, for the same reasons.

The level of remuneration and fees payable to Directors in bands of S$250,000 is as follows:

	Number of Directors	
Remuneration Band	**FY 2017**	**FY 2016**
Above S$500,000	-	-
S$250,000 to S$499,999	-	-
Below S$250,000	7	6

The mix of the remuneration payable to Directors for FY2017 is as follows:

Name of Directors	**Status**	**Fees(1)**	**Salary**	**Bonus**	**Other Benefits**
Mr. Du Junhong	Executive	-	100%	-	-
Mr. Deng Hua	Executive	-	89%	-	11%
Mr. Du Junqi	Executive	-	100%	-	-
Mr. Tao Qiang	Non-executive	45%	51%	-	4%
Dr. Ow Chin Hock	Independent	92%	-	-	8%
Mr. David Hwang Soo Chin	Independent	92%	-	-	8%
Mr. See Yen Tarn	Independent	92%	-	-	8%

Notes:

(1) Directors' fees in an aggregate amount are subject to approval by shareholders at the forthcoming AGM.

There are no employees who are immediate family members of the Directors and substantial shareholders and whose remuneration is in excess of S$50,000 per year.

The Board is of the view that given the confidentiality and commercial sensitivity attached to remuneration matters, the aggregate remuneration for each Director would not be disclosed. Similarly, given the highly competitive industry situation, the Group believes that disclosure of the remuneration (including the remuneration band) of named top 5 key management personnel (who are not Directors or the CEO) is disadvantageous to its business interest.

The level of remuneration and fees payable to the top 5 key management personnel (who are not Directors or the CEO) in bands of S$250,000 is as follows:

	Number of Top 5 Key Management Personnel	
Remuneration Band	**2017**	**2016**
Below S$250,000	-	-

The Company adopted the Longcheer Share Option Scheme (the "SOS") on 25 February 2005. The SOS is administered by the RC. No options were granted for FY2017.

At a Special General Meeting held on 22 October 2007, the Company also adopted the Longcheer Holdings Limited Share Award Plan (the "Plan"). The Plan is administrated by the RC.

On 10 November 2014, the Board of Directors of the Company had announced that the share under the remaining plan to be vested on 4 February 2015 and 4 February 2016 will no longer be issued and/or transferred to participants.

ACCOUNTABILITY (Principle 10)

The Board provides shareholders with a detailed and balanced explanation and analysis of the Group's performance, financial position and prospects on a quarterly basis, as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

Management provides the Board with appropriately detailed accounts of the Group's performance, financial position and prospects on a quarterly basis, or as and when required or requested by the Board to enable the Board to effectively fulfil its responsibilities.

RISK MANAGEMENT AND INTERNAL CONTROLS (Principle 11)

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls.

The Group maintains a robust and effective system of internal controls and risk management policies, addressing financial, operational, compliance and information technology risks, for all companies within the Group, to safeguard shareholders' interests and the Group's business and assets.

The Board reviews, at least annually, the overall adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls, and risk management policies and systems established by Management with the assistance of internal and external auditors.

During FY2017, the AC has reviewed the adequacy and effectiveness of the Group's internal controls and risk management system. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and the reviews performed by Management, the Board, with the concurrence with the AC, is of the opinion that the Group's internal controls in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology controls and risk management systems to which the Group is exposed in its current business environment as at 30 June 2017.

The Board will, on a continuing basis, endeavour to further enhance and improve the Group's system of internal controls and risk management policies.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The Board has received a report which contained written assurance from the CEO and CFO for FY2017 that:

(i) The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) The Company's risk management and internal control systems are in place and effective.

AUDIT COMMITTEE (Principle 12)

The AC is regulated by a set of written terms of reference endorsed by the Board. The AC comprises three members, all of whom are non-executive independent directors.

The terms of reference of the AC provides the AC with the authority to investigate any matter within its terms of reference, full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions.

The members of the AC as at the date of this Report are:

Mr. See Yen Tarn (Chairman)
Dr. Ow Chin Hock
Mr. David Hwang Soo Chin

The AC members bring with them many years of managerial and professional experience in the areas of finance and business management to sufficiently discharge the AC's functions. The Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

Under the terms of reference, the AC is responsible for:

(i) Reviewing the quarterly and annual financial statements including disclosures and accounting policies of the Company and the Group prior to their submission to the Board for adoption;

(ii) Reviewing with the external auditors, the Company's:

    (a) annual audit plans;

    (b) findings and recommendations to the Management as well as the Management's response thereto;

    (c) evaluation of system of internal accounting controls; and

    (d) audit report;

(iii) Reviewing the assistance given by the Management to the external auditors;

(iv) Reviewing the scope and results of the internal audit procedures performed by, Nexia TS Risk Advisory Pte. Ltd., the internal auditors;

(v) Reviewing the non-audit services provided by the external auditors to ensure that provision of such services will not affect the independence of the auditors;

(vi) Recommending the appointment, re-appointment or removal of external auditors, taking into consideration the scope and results of the audit as well as the cost effectiveness, independence and objectivity of the external auditors;

(vii) Approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced; and

(viii) Reviewing interested person transactions, if any, falling within the scope of Chapter 9 of the Listing Manual on a quarterly basis.

During FY2017, the AC met four times, with full attendance of its members.

The AC meets with the external and internal auditors without the presence of the Management, at least once annually, to review any matters that might be raised privately and discuss their findings set out in their respective reports to the AC.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditors on the scope and results of the external audit, and through their discussions with the external auditors.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Audit fees paid to external joint auditors, BDO Limited, Certified Public Accountants ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants ("BDO LLP) for the audit of the Company and its subsidiaries for the FY2017 amounted to HK$450,000. For FY2017, there were no non-audit services provided by BDO Limited and BDO LLP.

The Company has re-appointed BDO Limited and BDO LLP as joint auditors of the Company for FY2017 and accordingly the Company has complied with Rule 712 of the Listing Manual. In addition, the AC has recommended to the Board the nomination of BDO Limited and BDO LLP for re-appointment as joint auditors of the Company to act jointly at its forthcoming AGM. The Company confirms that it has complied with Rule 712 of the Listing Manual.

The Company and its significant subsidiaries are audited by BDO Limited for consolidation purpose and accordingly the Company has complied with Rule 715 of the Listing Manual. The Group's significant subsidiaries are disclosed under Note 12 to the Financial Statements on page 58 to 60 of this Annual Report.

The Group has put in place a whistle-blowing policy to provide a channel for staff and any other persons to raise their concerns about possible improprieties, fraudulent activities and malpractices within the Group in a responsible manner in matters of financial reporting or others. The objective of the whistle-blowing policy is to ensure that arrangements and processes are in place to facilitate independent investigations of such concerns and for appropriate follow-up action.

INTERNAL AUDIT (Principle 13)

Given its current business operation, the Group has outsourced its internal audit functions to an independent advisory firm, Nexia TS Risk Advisory Pte. Ltd. ("Nexia"), as it is more cost effective than maintaining an in-house internal audit function.

The primary role of the internal auditors is to:

(i) Assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group;

(ii) Review the internal controls of the Group to ensure proper recording of transactions and safeguarding of assets; and

(iii) Review the Group's compliance with the relevant laws, regulations and policies established by the Group.

Nexia performs a bi-annual internal audit review of the Group and reports directly to the AC. The AC has reviewed the risk assessment and internal audit approach proposed by Nexia as well as the internal audit report submitted.

Based on its assessment, the AC is satisfied with the quality and effectiveness of the internal audit and is satisfied that its internal auditors are currently adequately resourced and have appropriate standing within the Group to perform its functions effectively. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal auditors plan their audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the internal auditors, and meets with the internal auditors to approve their plans and to review their report for the prior reporting period.

The AC is of the view that the internal auditors have unfettered access to all the relevant documents, records, properties and personnel including access to the AC.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS (Principles 14, 15 and 16)

The Company practises fair and equitable treatment to all shareholders and stakeholders and to facilitate the exercise of ownership rights, the Company provides all material information which would materially affect the price or value of the Company's shares in an accurate and timely manner via SGXNET, so as to enable shareholders to make informed decisions. The Company does not practice selective disclosure of material information but in the where there is inadvertent disclosure made to a select group, the Company endeavours to make the same disclosure publicly to all others as promptly as possible.

In line with the continuous obligations of the Company pursuant to the Listing Manual, the Company is committed to the clear and timely disclosure of material or price sensitive information such as announcements of the quarterly and full year financial results, material transactions, and other developments relating to the Group.

The Group also maintains a website at www.longcheerholdings.net where the public can access to information relating to the Group. The Group continuously reviews ways to enhance its corporate reporting process and the ease of access to information released.

Shareholders are entitled to and encouraged to attend all general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability. The Board is satisfied that shareholders have been given the opportunity to participate effectively and to vote at general meetings. Shareholders are also informed of voting procedures governing general meetings.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders, and may appoint up to 2 proxies under the Bye-Laws to attend and vote on their behalf. Shareholders who hold shares through nominees, are allowed, upon prior request through their nominees, to attend and observe the general meetings.

While the Company does not have a dedicated investor relations team, the Company recognises the importance of regular, effective and timely communication with the shareholders.

The Company's main forum for dialogue with shareholders is the AGM, where the Board (including the chairman of the respective Board Committees), key executives and the external auditors are in attendance. At the AGM, shareholders are encouraged to participate in the meeting by raising relevant questions or seeking clarification on the motions tabled at the meeting.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

All shareholders of the Company receive a copy of the Annual Report or Circulars, and notice of shareholders' meetings. Notices of shareholders' meetings set out all items of business to be transacted at the respective shareholders' meetings, and are also advertised in the newspapers.

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These minutes will be available to shareholders upon their request.

To promote greater transparency and effective participation, the Company has conducted the voting of all its resolutions by poll at all of its general meetings since year 2015. The detailed results of the poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGMs and via SGXNET thereafter. In view of cost consideration, the Company is of the view that manual poll voting is currently sufficient for the purpose of obtaining shareholders' approval at general meetings. The Company will continue to assess the costs and benefits of employing the electronic poll voting system in future.

The Company does not have a formal dividend policy. The Board considers the Company's capital structure, cash requirements and future plans in deciding whether to declare dividends. Where dividends are not declared, the Company discloses the reasons at the general meetings.

The Bye-laws allows shareholders to vote in person or by proxy or by attorney, or in the case of a corporation, by a representative. A shareholder may appoint up to two proxies to attend and vote in his stead at a general meeting. For shareholders who hold shares through the Central Depository (Pte) Limited, they are able to attend and vote at general meetings under the multiple proxy regime.

The Company has not amended the Bye-laws to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

ADDITIONAL INFORMATION

Code of Business Conduct

The Directors, officers and employees are required to observe and maintain high standards of integrity that are in compliance with laws and regulations and Group policies.

Dealings in Securities

The Group has adopted an internal code of conduct that is consistent with Rule 1207(19) of the Listing Manual in relation to dealings in the Company's securities.

The Company, Directors, officers and staff of the Group are prohibited from dealing the Company's securities (a) on short-term considerations; (b) while in possession of unpublished material price-sensitive information in relation to such securities; and (c) during the periods commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's annual results, and ending on the date of the announcement of such results.

Directors are required to report to the Company Secretary whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with requirements of the SGX-ST.

The Company has complied with Rule 1207(19) of the Listing Manual.

Interested Person Transactions

Transactions with the Company's interested persons (as defined in the Listing Manual) are subject to review and approval by the AC. The AC reviews each transaction to determine that it is on normal commercial terms, and hence, not prejudicial to the interests of the Company and shareholders, before making its recommendation to the Board for approval.

On 20 June 2016, Longcheer International Pte. Ltd., a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Longcheer Telecommunication (H.K.) Limited (the "Purchaser") in relation to the disposal of its 21.89% interest in its available-for-sale financial assets, Mentech Investment Limited, to the Purchaser for an aggregate cash consideration of RMB88 million (equivalent to approximately USD13.37 million). The directors of the Purchaser are Dr. Du Junhong and Mr. Xu Wenjun, an unrelated third party.

Dr. Du Junhong was the chairman and executive director of the Company before his resignation on 28 February 2017 and he is currently a substantial shareholder of the Company and he holds deemed interests of 46% in the Purchaser through various entities. In addition, Mr. Deng Hua, the executive director and shareholder of the Company, holds deemed interests of 8.70% in the Purchaser through an entity. The disposal is completed on 27 September 2016. As a result, the Purchaser is considered as an interested person of the Company. Accordingly, the disposal constitutes and interested person transaction.

During FY2017, except for the aforementioned transaction, there were no other interested person transactions.

Material Contracts

Save for the service agreements between the executive Directors and as disclosed elsewhere in the financial statements, no material contracts (including loans) of the Company or its subsidiaries involving the interest of the CEO or any Director or substantial shareholders subsisting at the end of the financial year have been entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

The directors present their statement to the shareholders of the Company together with the audited consolidated financial statements of the Group for the financial year ended 30 June 2017 and the statement of financial position of the Company as at 30 June 2017.

In the opinion of the directors,

(a) the accompanying consolidated income statement, consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2017 and the results of the business and cash flows of the Group and changes in equity of the Company and of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of the directors authorised these financial statements for issue on 28 September 2017.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr. Du Junqi	(Chairman and Chief Executive Officer)
Mr. Deng Hua	
Mr. Tao Qiang	
Dr. Ow Chin Hock	
Mr. David Hwang Soo Chin	
Mr. See Yen Tarn	

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company				
Ordinary shares of US$0. 2 each				
Mr. Deng Hua	-	-	1,018,979	1,018,979
Mr. Tao Qiang	-	-	940,434	940,434
Dr. Ow Chin Hock	3,862	3,862	-	-
Mr. David Hwang Soo Chin	3,862	3,862	30,000	30,000
Mr. See Yen Tarn	3,862	3,862	-	-

The directors' interests in the shares of the Company at 21 July 2017 were the same at 30 June 2017.

4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5. SHARE OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company is chaired by Mr. See Yen Tarn and includes Dr. Ow Chin Hock and Mr. David Hwang Soo Chin, all of whom are independent directors.

The AC performed the functions as detailed in the Group's Corporate Governance Report.

7. INDEPENDENT AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants ("BDO LLP") as the Company's joint auditors at the forthcoming Annual General Meeting.

BDO Limited and BDO LLP have expressed their willingness to accept re-appointment as the Company joint auditors.

ON BEHALF OF THE DIRECTORS

……..................................
Mr. Du Junqi

……..................................
Mr. Deng Hua

28 September 2017

INDEPENDENT JOINT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LCT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of LCT Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 29 to 79, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017;

- the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group;

- the statement of changes in equity of the Company for the year then ended; and

- notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 30 June 2017 and of the consolidated financial performance and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("HKICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

TO THE SHAREHOLDERS OF LCT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

1. Fair value measurement of investment property

Key Audit Matter

As at 30 June 2017, the Group's investment property, held by a subsidiary in the People Republic of China, is carried at fair value which amounted to approximately RMB110,000,000.

The fair value of the investment property is determined based on a valuation by an independent valuer using a combination of income approach and direct comparison approach.

We have determined the valuation of the investment property to be a key audit matter as significant judgements are involved in evaluating the appropriateness of the valuation methodology, and assessing the reasonableness of the key underlying assumptions used by the valuer, particularly relating to the significant unobservable inputs.

Related Disclosures

Refer to notes 3.7, 4 and 14 of the accompanying consolidated financial statements

Audit Response

Our audit procedures included:

- Obtaining valuation report of the investment property and holding discussion with the independent valuer to understand their valuation methodology;
- Critically assessed the key assumptions on significant unobservable inputs, including the market monthly rental rate and the market unit sale rate;
- Evaluating the professional competence and the objectivity of the independent valuer which included considering the valuer's experience and qualification in assessing similar investment property; and
- Evaluating the adequacy of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2017 annual report, but does not include the financial statements and our joint auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT JOINT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LCT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent joint auditors' report are Khoo Gaik Suan and Cheung Or Ping.

BDO LLP
Public Accountants and Chartered Accountants
Singapore

28 September 2017

BDO Limited
Certified Public Accountants
Hong Kong

28 September 2017

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	5	**11,754**	11,351
Cost of sales		**(2,645)**	(2,594)
Gross profit		**9,109**	8,757
Other gains and losses	5	**633**	(3,301)
Administrative expenses		**(7,882)**	(9,105)
Share of result of an associate		**-**	10,077
Profit before income tax	7	**1,860**	6,428
Income tax expense	8	**(8,062)**	-
(Loss)/profit for the year attributable to owners of the Company		**(6,202)**	6,428
(Loss)/earnings per share attributable to owners of the Company	9		
(Loss)/earnings per share (RMB cents)			
- Basic and diluted		**(17.60)**	18.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
(Loss)/profit for the year		**(6,202)**	6,428
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value on available-for-sale financial assets		**-**	1,857
Reclassification adjustment:			
- Disposal of an associate		**-**	890
- Disposal of available-for-sale financial assets		**(1,857)**	-
Currency translation:			
- Group		**12,067**	3,336
- Associates		**-**	2,740
Other comprehensive income for the year, net of tax amounting to RMB NIL (2016: RMB NIL)		**10,210**	8,823
Total comprehensive income for the year		**4,008**	15,251
Total comprehensive income attributable to:			
Owners of the Company		**4,008**	15,251

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Group 2017 RMB'000	Group 2016 RMB'000	Company 2017 RMB'000	Company 2016 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	11	**32**	34	**-**	-
Interest in subsidiaries	12	**-**	-	**129,021**	-
Investment property	14	**110,000**	110,000	**-**	-
		110,032	110,034	**129,021**	-
Current assets					
Cash and cash equivalents	15	**45,791**	51,797	**5,501**	25,465
Financial assets at fair value through profit or loss	16	**-**	18,800	**-**	-
Available-for-sale financial assets	13	**-**	89,521	**-**	-
Amounts due from subsidiaries	12	**-**	-	**-**	168,881
Trade receivables	17	**-**	273	**-**	-
Other receivables	18	**707**	716	**-**	100
		46,498	161,107	**5,501**	194,446
Current liabilities					
Other payables	19	**15,049**	20,811	**845**	1,030
Net current assets		**31,449**	140,296	**4,656**	193,416
Non-current liabilities					
Deferred tax liabilities	20	**8,062**	-	**-**	-
Net assets		**133,419**	250,330	**133,677**	193,416
EQUITY					
Equity attributable to owners of the Company					
Share capital	22	**65,608**	65,608	**65,608**	65,608
Treasury shares	23	**(90,042)**	(90,042)	**(90,042)**	(90,042)
Reserves	24	**157,853**	274,764	**158,111**	217,850
Total equity		**133,419**	250,330	**133,677**	193,416

Du Junqi
Director

Deng Hua
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
Cash flow from operating activities			
Profit before income tax		**1,860**	6,428
Adjustments for:			
Interest income of bank deposits		**(2)**	(57)
Net fair value gain for financial assets at fair value through profit or loss		**(361)**	(340)
Depreciation of property, plant and equipment		**8**	41
Loss on disposal of property, plant and equipment		**3**	-
Gain on disposal of available-for-sale financial assets	5	**(339)**	(712)
Provision of impairment loss on other receivables	18	**-**	141
Write off of other payables		**-**	(699)
Share of results of associates		**-**	(10,077)
Loss on disposal of interest in an associate		**-**	1,978
Foreign exchange difference		**1,611**	1,847
Operating cash flows before movements in working capital		**2,780**	(1,450)
Decrease/(increase) in trade receivables		**273**	(273)
Decrease/(increase) in other receivables		**20**	(45)
Increase in other payables and trade deposits received from customers		**5,048**	51
Net cash generated from/(used in) operating activities		**8,121**	(1,717)
Cash flow from investing activities			
Interest received		**2**	57
Purchase of property, plant and equipment		**(9)**	(16)
Dividend received from an associate		**-**	7,862*
Interest received from financial assets at fair value through profit or loss		**361**	340
Proceeds from disposal of available-for-sale financial assets		**87,457**	10,712
Proceeds from disposal of financial assets at fair value through profit or loss		**18,800**	7,500
Acquisition of financial assets at fair value through profit or loss		**-**	(18,800)
Deposit received for proposed disposal of 21.89% interest in Mentech Investment Limited		**-**	4,433
Decrease in fixed bank deposits with an original maturity of more than three months		**-**	432
Net cash generated from investing activities		**106,611**	12,520
Cash flow from financing activity			
Dividend paid	30	**(120,919)**	-
Net cash used in financing activity		**(120,919)**	-
Net (decrease)/increase in cash and cash equivalents		**(6,187)**	10,803
Cash and cash equivalents at the beginning of year		**51,797**	39,505
Effect of foreign exchange rates changes, net		**181**	1,489
Cash and cash equivalents at end of year		**45,791**	51,797
Analysis of cash and cash equivalents at end of year			
Cash and bank balances (excluding fixed bank deposits with an original maturity of more than three months)	15	**45,791**	51,797

* The amount represents dividend received from a then associate, Mentech Investment Limited which is reclassified as available-for-sale financial assets of the Group since 1 January 2016.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

Group

	Share capital RMB'000 (Note 22)	Treasury shares RMB'000 (Note 23)	Share premium* RMB'000 (Note 24)	Translation reserve* RMB'000 (Note 24)	Available-for-sale financial assets revaluation reserve* RMB'000 (Note 24)	Retained earnings* RMB'000 (Note 24)	Total RMB'000
Balance at 1 July 2015	**65,608**	**(90,042)**	**138,818**	**(80,256)**	**-**	**200,951**	**235,079**
Profit for the year	-	-	-	-	-	6,428	6,428
Other comprehensive income							
- Change in fair value on available-for-sale financial assets	-	-	-	-	1,857	-	1,857
Reclassification adjustment – Disposal of an associate	-	-	-	890	-	-	890
- Currency translation							
- Group	-	-	-	3,336	-	-	3,336
- Associates	-	-	-	2,740	-	-	2,740
Total comprehensive income for the year	-	-	-	6,966	1,857	6,428	15,251
Balance at 30 June 2016	**65,608**	**(90,042)**	**138,818**	**(73,290)**	**1,857**	**207,379**	**250,330**

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

Group

	Share Capital RMB'000 (Note 22)	Treasury shares RMB'000 (Note 23)	Share premium* RMB'000 (Note 24)	Translation reserve* RMB'000 (Note 24)	Available-for-sale financial assets revaluation reserve* RMB'000 (Note 24)	Retained earnings* RMB'000 (Note 24)	Total RMB'000
Balance at 30 June 2016 and 1 July 2016	**65,608**	**(90,042)**	**138,818**	**(73,290)**	**1,857**	**207,379**	**250,330**
Dividend paid (Note 30)	-	-	-	-	-	**(120,919)**	**(120,919)**
Transactions with owners	-	-	-	-	-	**(120,919)**	**(120,919)**
Loss for the year	-	-	-	-	-	**(6,202)**	**(6,202)**
Other comprehensive income							
Reclassification adjustment – Disposal of available-for-sale financial assets	-	-	-	-	(1,857)	-	**(1,857)**
- Currency translation							
- Group	-	-	-	**12,067**	-	-	**12,067**
Total comprehensive income for the year	-	-	-	**12,067**	**(1,857)**	**(6,202)**	**4,008**
Balance at 30 June 2017	**65,608**	**(90,042)**	**138,818**	**(61,223)**	**-**	**80,258**	**133,419**

* These reserve accounts comprise the consolidated reserves of approximately RMB157,853,000 (2016: RMB274,764,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

Company

	Share capital RMB'000' (Note 22)	Treasury shares RMB'000' (Note 23)	Share premium* RMB'000' (Note 24)	Translation reserve* RMB'000' (Note 24)	Retained earnings* RMB'000' (Note 24)	Total RMB'000'
Balance at 1 July 2015	**65,608**	**(90,042)**	**138,818**	**(84,534)**	**144,796**	**174,646**
Profit for the year	-	-	-	-	4,182	4,182
Other comprehensive income						
- Currency translation	-	-	-	14,588	-	14,588
Total comprehensive income for the year	-	-	-	14,588	4,182	18,770
Balance at 30 June 2016 and 1 July 2016	65,608	(90,042)	138,818	(69,946)	148,978	193,416
Dividend paid (Note 30)	-	-	-	-	(120,919)	(120,919)
Transactions with owners	-	-	-	-	(120,919)	(120,919)
Profit for the year	-	-	-	-	57,782	57,782
Other comprehensive income						
- Currency translation	-	-	-	3,398	-	3,398
Total comprehensive income for the year	-	-	-	3,398	57,782	61,180
Balance at 30 June 2017	**65,608**	**(90,042)**	**138,818**	**(66,548)**	**85,841**	**133,677**

* These reserve accounts comprise the Company's reserve of approximately RMB158,111,000 (2016: RMB217,850,000) in the Company's statement of financial position.

1. GENERAL INFORMATION

LCT Holdings Limited (the "Company") is incorporated in Bermuda with its principal place of business at 11B, No. 401 Caobao Road, Shanghai 200233, The People's Republic of China and registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in note 12 to the financial statements. There were no significant changes in the nature of the Company's and its subsidiaries' principal activities during the year.

The financial statements on page 29 to 79 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (the "IAS") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretation Committee (the "IFRIC") of the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the "Listing Manual").

2. ADOPTION OF NEW OR AMENDED IFRSs

(a) Adoption of new/revised IFRSs effective on 1 July 2016

In the current year, the Group has applied, for the first time, all the new and revised standards, amendments and interpretations (the "new IFRSs") issued by IASB and the IFRIC of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2016.

The adoption of the new IFRSs has no material impact on the Group's financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

At the date of authorisation, the following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IAS 7	Disclosure Initative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
Clarification to IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IAS 40	Transfer of Investment Property[2]
IFRS 16	Leases[3]
IFRIC 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

Except as disclosed below, the Group's management anticipates that the adoption of the above IFRSs will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Amendments to IAS 7 – Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments apply prospectively for annual periods beginning on or after 1 July 2017 with earlier application permitted. Other than the disclosure of additional information, the directors of the Company do not anticipate the application of these amendments will have a material impact on the Group's consolidated financial statements.

IFRS 9 – Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Under IFRS 9, all recognised financial assets that are within the scope of IAS 39, Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regards to the measurement of financial liabilities designated as at fair values through profit or loss, IFRS 9 requires that the amount of change in the fair value of financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

IFRS 9 – Financial Instruments (Continued)

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss models, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 9 will be effective for accounting period beginning on or after 1 July 2018. Based on an analysis of the Group's financial asset and financial liabilities as at 30 June 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Company had performed a preliminary assessment of the impact of IFRS 9 to the Group's consolidated financial statements. Based on the preliminary assessment, the Group does not believe that the new classification requirement would have had a material impact on its accounting for loans and receivables measured at amortised cost as disclosed in note 28(vi) and expects to apply the simplified approach to recognise lifetime expected credit losses model of IFRS 9 will result in earlier recognition of credit losses and are currently assessing the potential impact. The Group also does not anticipate the application of the hedge accounting requirements will have a material impact on the Group's consolidated financial statements.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively and the Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 July 2018. Extensive new disclosures, in particular about credit risk and expected credit losses, required under IFRS 9 will be made in the financial statements.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued amendments to IFRS 15, clarifying the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

IFRS 15 will be effective for accounting period beginning on 1 July 2018. The Group had preliminary assessed that there will be no significant impact on the timing and pattern on the revenue recognition as disclosed in Note 3.5 to the financial statements.

The Group plans to adopt IFRS 15 in the financial year beginning 1 July 2018 using full retrospective method in accordance with transitional provisions, and will include the required additional disclosures in its financial statements for that year.

IFRS 16 – Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements for the identification of lease arrangements and accounting treatments for both lessors and leases. IFRS will supersede the current lease guidance including IAS 17, Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

IFRS 16 – Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. In contracts to lessee accounting, lease accounting, IFRS 16 substantially carries forward the lessor accounting requirement in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

IFRS 16 will be effective for accounting period beginning on 1 July 2019. As at 30 June 2017, the Group has non-cancellable operating lease commitments of RMB28,000. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 24. The Group preliminarily assessed that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Group is currently assessing its potential impact. As a lessee, the Group can either apply the standard using a retrospective approach or modified retrospective approach with optional practical expedients. The Group had not yet determined which transition approach to apply, as a result, the Group had not yet quantified the impact on its reported assets and liabilities of adoption of IFRS 16. The quantitative effect will depend on, *inter alia*, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group entered into. The Group expected to disclose its transitional approach and quantitative information before adoption.

IFRIC 23 – Uncertainty over Income Tax Treatments

This Interpretation provides guidance on how to apply IAS 12, Income taxes when there is uncertainty over whether a tax treatment will be accepted by the tax authority.

Under the Interpretation, the key test is whether it is probable that the tax authority will accept the entity's tax treatment. If it is probable, then the entity should measure current and deferred tax consistently with the tax treatment in its tax return. If it is not probable, then the entity should reflect the effect of uncertainty in its accounting for income tax by using the "expected value" approach or the "the most likely amount" approach – whichever better predicts the resolution of the uncertainty and in that case the tax amounts in the financial statements will not be the same as the amounts in the tax return.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost convention, except for investment property and financial instruments, which are measured at fair values as explained in the accounting policies below. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 3.3 below) made up to 30 June each financial year. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income up to the dates of disposal, as appropriate.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Foreign currency translation

The individual financial statements of each of the Group's entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is United States dollars ("USD"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RMB as the Group's transactions are denominated primarily in RMB. All financial information presented in RMB has been rounded to the nearest thousand, unless otherwise stated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the translation reserve in equity.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

3.5 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for rendering of services. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Rental income

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term.

Interest income

Interest income is accrued on time-proportion basis, by reference to the principal outstanding and using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to the working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Leasehold improvements	1 to 5 years
Machinery and equipment	5 years
Office equipment and computers	3 to 5 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.7 Investment properties

Investment properties are land and/or building which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition and addition after the initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property.

The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period which they arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Impairment of non-financial assets

Property, plant and equipment, and interests in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Any remaining impairment loss is charged *pro rata* to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determined.

In respect of other non-financial assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Financial assets

The Group's accounting policies for financial assets are set out below.

Classification of financial assets

Financial assets other than hedging instruments are classified into the following categories: (i) loans and receivables, (ii) available-for-sale financial assets and (iii) financial assets at fair value through profit or loss.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

(i) Loans and receivables

Loans and receivables (including trade receivables, other receivables, note receivables, amounts due from subsidiaries, cash and deposit balances, restricted balances in banks and pledge deposits) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial assets (Continued)

Classification of financial assets (Continued)

(ii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

For the available-for-sale financial assets that have a quoted market price in an active market are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest rate method is recognised in profit or loss.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date.

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(iii) Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Recognition and derecognition of financial assets

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial assets (Continued)

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of investment in debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment losses were recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

3.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Income tax (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

 (i) the same taxable entity; or

 (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.12 Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits.

3.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Company. No gain or loss is recognised in profit or loss on the purchase, sales, reissue or cancellation of such shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plan are equivalent to those arising in a defined contribution retirement plan.

Pursuant to the relevant regulations of the People's Republic of China, excluding Hong Kong ("China"), government, the subsidiaries operating in China have participated in a local municipal government retirement benefits scheme, whereby the China subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits.

The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the China subsidiaries. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme mentioned above. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

3.15 Financial liabilities

The Group's financial liabilities include trade and other payables and bank borrowings.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

<u>Other payables</u>

Other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Group for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Group, who are the chief operating decision maker, are determined following the Group's business lines.

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that finance income, foreign exchange difference, finance costs, share of result of associate, corporate expense, and income tax expense/credit which are not included within reportable segments as they are not separately reported to the executive directors of the Group.

The Group has identified "property investment" as the only reportable segment where it involves investment of properties for rental income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identifies in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements made in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Fair value measurement of investment property</u>

Investment property is stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

The fair value measurement of investment property utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: observable inputs other than quoted prices included within Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detail information in relation to the fair value measurement of the investment property, please refer to note 14.

5. REVENUE, OTHER GAINS AND LOSSES

An analysis of the Group's revenue, other gains and losses is as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Revenue		
Rental income derived from investment property	**11,754**	11,351
Other gains and losses		
Bank interest income	**2**	57
Loss on disposal of interest in an associate	**-**	(1,978)
Net fair value gain for financial assets at fair value through profit or loss	**361**	340
Gain on disposal of available-for-sale financial assets	**339**	712
Other operating expenses	**(1,298)**	(1,059)
Foreign exchange difference, net	**357**	(1,847)
Other income	**872**	474
	633	(3,301)

6. SEGMENT INFORMATION

The Group's reportable and operating segment is property investment.

(a) The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors regularly review revenue and operating results derived from property investment and consider such as one single operating segment.

No geographical information is presented as all the Group's operations are located in the PRC.

(b) Information about major customers

For the year ended 30 June 2017, there are four (2016: three) customers with whom transactions of each exceed 10% of the Group's total revenue. Revenue derived from these customers are approximately RMB3,539,000, RMB1,661,000, RMB1,620,000 and RMB1,332,000 individually from the segment of property investment (2016: approximately RMB3,551,000, RMB2,247,000 and RMB1,422,000 individually from the segment of property investment).

7. PROFIT BEFORE INCOME TAX

(a) *Profit before income tax is arrived at after charging/(crediting):*

	Group	
	2017	2016
	RMB'000	RMB'000
Auditors' remuneration of the Company		
- Audit services	**395**	621
- Non-audit services	**-**	16
Depreciation of property, plant and equipment	**8**	41
Employee benefits expense (including directors' remuneration and defined contribution plans)	**2,229**	2,806
Defined contribution plans	**241**	140
Directors' remuneration (excluding directors' fees)	**1,496**	1,383
Directors' fees	**920**	926
Impairment loss on other receivables	**-**	141
Write off of other payables	**-**	(699)
Direct expenses incurred for generating rental income derived from investment property	**2,645**	2,594
Minimum lease payments under operating leases recognised as an expense	**123**	140

8. INCOME TAX EXPENSE

Income tax expense in profit or loss represents:

	Group	
	2017	2016
	RMB'000	RMB'000
Current tax		
- Current year	**-**	-
Deferred tax (note 20)		
- Current year	**8,062**	-
	8,062	-

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25% (2016: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year.

No income tax has been provided by the Company as the Company did not derive any assessable profits during the year (2016: RMB nil).

8. INCOME TAX EXPENSE (Continued)

Reconciliation between tax expense and accounting profit at applicable tax rates:

	Group	
	2017	2016
	RMB'000	RMB'000
Profit before tax	**1,860**	6,428
Tax at the applicable rate of 25% (2016: 25%)	**465**	1,607
Tax effect of non-allowable items	**2,621**	1,858
Tax effect on non-taxable items	**(1,274)**	(3,763)
Effects of different tax rates of overseas operations	**1,131**	(176)
Tax effect on unused tax losses not recognised	**-**	474
Tax effect on lapse of prior year unused tax losses not recognised	**6,044**	-
Tax effect of adjustment to deferred tax assets recognised in prior year	**(562)**	-
Tax effect of prior year's unrecognised tax losses utilised this year	**(363)**	-
Tax expense for the year	**8,062**	-

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

(Loss)/earnings are calculated as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Loss/(profit) for the year attributable to the owners of the Company	**(6,202)**	6,428

The denominator used for (loss)/earnings per share is the weighted average number of ordinary shares of in issue, after adjusting the effect of treasury shares held by the Company.

During the year ended 30 June 2016, a share consolidation of ten (10) existing ordinary shares for one (1) new share was completed by 5 November 2015 thereby reducing the number of shares in issue. The comparative numbers for the prior year have been stated as though the share consolidation was effective from the beginning of the year ended 30 June 2016 to enable direct comparison. The weighted average number of ordinary shares for the year ended 30 June 2017 is 35,244,520 (2016: 35,244,520).

Diluted (loss)/earnings per share are the same as basic (loss)/earnings per share for the years ended 30 June 2017 and 2016 since the Company did not have any dilutive potential ordinary shares outstanding during both years.

10. DIRECTORS' REMUNERATION

For the years ended 30 June 2017 and 2016, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with paragraph 1207.11 of Chapter 12 of the Listing Manual of the SGX-ST:

Year ended 30 June 2017

	Group		
	Executive directors	**Non-executive directors**	**Total**
Below S$250,000 (equivalent to approximately below RMB1,159,000)	**3**	**4**	**7**
S$250,000 to below S$500,000 (equivalent to approximately RMB1,159,000 to approximately RMB2,318,000)	**-**	**-**	**-**
Above S$500,000 (equivalent to approximately above RMB2,318,000)	**-**	**-**	**-**
	3	**4**	**7**

Year ended 30 June 2016

	Group		
	Executive directors	**Non-executive directors**	**Total**
Below S$250,000 (equivalent to approximately below RMB1,159,000)	**2**	**4**	**6**
S$250,000 to below S$500,000 (equivalent to approximately RMB1,159,000 to approximately RMB2,318,000)	-	-	-
Above S$500,000 (equivalent to approximately above RMB2,318,000)	-	-	-
	2	**4**	**6**

11. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Office equipment and computers RMB'000	Total RMB'000
At 1 July 2015				
Cost	176	81	104	361
Accumulated depreciation	(137)	(73)	(92)	(302)
Net book amount	**39**	**8**	**12**	**59**
Year ended 30 June 2016				
Opening net book amount	**39**	**8**	**12**	**59**
Additions	-	-	16	16
Depreciation	(36)	-	(5)	(41)
Closing net book amount	**3**	**8**	**23**	**34**
At 30 June 2016 and 1 July 2016				
Cost	176	81	120	377
Accumulated depreciation	(173)	(73)	(97)	(343)
Net book amount	**3**	**8**	**23**	**34**
Year ended 30 June 2017				
Opening net book amount	**3**	**8**	**23**	**34**
Additions	-	-	9	9
Disposal	-	-	(3)	(3)
Depreciation	(3)	-	(5)	(8)
Closing net book amount	**-**	**8**	**24**	**32**
At 30 June 2017				
Cost	176	81	100	357
Accumulated depreciation	(176)	(73)	(76)	(325)
Net book amount	**-**	**8**	**24**	**32**

12. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	2017 RMB'000	2016 RMB'000
Unquoted equity shares, at cost	**-***	**-***
Amounts due from subsidiaries (note)	**129,021**	**168,881**
	129,021	**168,881**

*Denotes a figure less than RMB1,000

12. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY (Continued)

Note:

As at 30 June 2016, amounts due from subsidiaries are non-trade in nature, unsecured and interest-free. The balance is repayable on demand and expected to be settled in cash. The balance is neither past due nor impaired at the reporting date.

As at 30 June 2017, management re-assessed that the settlement of the amounts due from subsidiaries are neither planned nor likely to occur in the foreseeable future and the directors considered that the amounts forms part of the net investment in the subsidiaries and accordingly, the amounts were re-classified as non-current assets from current assets.

Details of the Company's subsidiaries at 30 June 2017 and 2016 are as follows:

Name	**Place of incorporation/ establishment/ principal place of business**	**Particulars of issued capital/ registered capital**	**Percentage of equity interest attributable to the Company**		**Principal activities**
			Direct	Indirect	
LC International Pte. Ltd. (Formerly known as Longcheer International Pte. Ltd.) ("LC International")	Singapore	2 shares of USD1 each	100% (2016: 100%)	- (2016: -)	Investment holding
龙飞（西安）实业有限公司 (Formerly known as龙旗（西安）实业有限公司) (Longfei Industrial (Xi'an) Co., Limited)* (note (i))	China	Registered capital of USD5,000,000	- (2016: -)	100% (2016: 100%)	Investment holdings
西安龙飞软件有限公司(Xi'an Longfei Software Co., Limited)*	China	Registered capital of RMB40,000,000	- (2016: -)	100% (2016: 100%)	Property investment
Longcheer Technology (India) Pvt. Limited (note (i))	India	2,500,000 shares of INR 10 each	- (2016: -)	100% (2016: 100%)	Value-added services
LC Technology (Singapore) Pte. Ltd (Formerly known as Longcheer Technology (Singapore) Pte. Ltd) (note (i))	Singapore	1,000,100 shares of SGD1 each	- (2016: -)	100% (2016: 100%)	Research and experimental development

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

12. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY (Continued)

Notes:

(i) As at 30 June 2017 and 2016, these companies are not undertaking any significant business activities and their accounting transactions are minimal.

The financial statements of the Company's subsidiaries are audited/reviewed by BDO Limited, Certified Public Accountants ("BDO Limited") for Group consolidation purpose.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2017	2016
	RMB'000	RMB'000
Current assets:		
Equity securities in Hong Kong		
- Unlisted, at fair value (note a)	**-**	89,521

Notes:

a) On 1 January 2016, Mentech Investment Limited ("Mentech") became an available-for-sale financial asset with fair value of approximately RMB 87,664,000. It is an investment holding company incorporated in Hong Kong, through its subsidiaries to manufacture and trade electronic products. As at 1 January 2016 and 30 June 2016, the Group held 21.89% of effective interest in Mentech.

Reconciliation of its carrying amount is as below:

	2016	**2016**
	RMB'000	**RMB'000**
At beginning of the year	**89,521**	**-**
Derecognition of an associate	**-**	**87,664**
Disposal of available-for-sale financial assets	**(89,521)**	**-**
Change in fair value	**-**	**1,857**
Carrying amount	**-**	**89,521**

As at 30 June 2016, the investment in Mentech are measured at fair value and classified as Level 3 fair value measurement. The fair values of unlisted equity securities are determined by reference to the valuation carried out by an external independent valuer by using market valuation approach based on Price-to-Earnings ("P/E") and Enterprise Value to Earning Before Interest, Tax, Depreciation and Amortisation ("EV/EBITDA") method. The significant unobservable inputs are as follow as:

Historical comparable P/E multiple	ranging 3.62 to 12.76
Historical comparable EV/EBITDA multiple	ranging 1.5 to 7.32
Lack of marketability discount rate	30%

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP (Continued)

Mentech is valued by a P/E ratio multiple and EV/EBITDA ratio multiple. A discount is applied to reflect the lack of marketability of the unlisted investment.

If either the P/E ratio multiple or EV/EBITDA ratio multiple was higher/lower while all other variables were held constant, the carrying amount of the investment in Mentech would increase /decrease respectively.

If the lack of marketability discount rate was higher/lower while all other variables were held constant, the carrying amount of the investment in Mentech would decrease/increase respectively.

(c) On 20 June 2016, Longcheer International, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Longcheer Telecommunication (H.K.) Limited (the "Purchaser") in relation to the disposal of its 21.89% interest in Mentech to the Purchaser, for an aggregate cash consideration of RMB88 million (equivalent to approximately USD13.37 million). The directors of the Purchaser are Dr. Du Junhong and Mr. Xu Wenjun, an unrelated third party.

Dr. Du Junhong was the chairman, executive director of the Company before his resignation on 28 February 2017 and he is currently a substantial shareholder of the Company and he holds deemed interests of 46% in the Purchaser through various entities. In addition, Mr. Deng Hua, the executive director and shareholder of the Company, holds deemed interests of 8.70% in the Purchaser through an entity. The disposal is completed on 27 September 2016. The disposal-related costs of RMB1.3 million have been expensed and are included in other gains and losses during the year.

14. INVESTMENT PROPERTY – GROUP

	2017 RMB'000	2016 RMB'000
At 30 June	**110,000**	110,000

Investment property, which are held under leasehold interest, represent a building and land use right located in China held for generating rental income. The land use right of the investment property will expire in year 2057 (2016: 2057).

The investment property held by the Group as at 30 June 2017 and 2016 is as follow:

Name of property	**Description**	**Fair value** **2017** **RMB'000**	 **2016** **RMB'000**
Tower A of Longcheer Science and Technology Park	Leasehold commercial building at No. 29 First Jinye Road, Hi-Tech District, Xi'an, Shanxi Province, PRC. The floor area of the property is 14,872 square meter.	**110,000**	110,000

Investment property was revalued on 30 June 2017 by APAC Asset Valuation and Consulting Limited (2016: Same), an independent firm of professional valuer.

14. INVESTMENT PROPERTY – GROUP (Continued)

The fair value of investment property is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2017 RMB'000	2016 RMB'000
Opening and Closing balance (level 3 recurring fair value)	110,000	110,000

Fair value for the years ended 30 June 2017 and 2016 are determined by applying a combination of income approach and direct comparison approach, in view of the lack of executed transactions of comparable properties in the local real estate market.

Valuation approach	Weight
Income approach (note a)	50%
Direct comparison approach (note b)	50%

Notes:

a) Income approach

Fair value is determined by applying the income approach took into account the future net earnings that the investment property will generate before the deduction of taxes and interest payments, which are then discounted into the value at appropriate capitalisation rate. The capitalisation rate is a required rate of return of the investment property.

The fair value measurement is positively correlated to the market monthly rental rate and negatively correlated to capitalisation rate.

Significant unobservable inputs	2017 Range	2016 Range
Adjusted market monthly rental rate taking into account of individual factors such as size, scale, nature, character, location, etc. (RMB/sq. meter)	53 to 62	65 to 70
Capitalisation rate	8.25% to 8.75%	8.25% to 8.75%

A significant increase/(decrease) in the capitalisation rate would result in a significant (decrease)/ increase in fair value of investment property.

14. INVESTMENT PROPERTY – GROUP (Continued)

b) Direct comparison approach

Fair value is determined by reference to comparable sales information as available in the markets, where comparison is made based on adjusted asking prices of comparable properties.

Significant unobservable inputs	2017	2016
	Range	
Market unit sale rate taking into account of individual factors such as size, scale, nature, character, location, etc. (RMB/sq. meter)	7,190 to 7,795	6,675 to 8,075

A significant increase/(decrease) in the market unit sale rate would result in a significant increase/(decrease) in fair value of the investment property.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**45,791**	51,797	**5,501**	25,465

The carrying amounts of these cash and deposit balances approximate their fair values. These bank balances bear interest rate at a range of 0.0% to 0.3% (2016: 0.0% to 0.3%) per annum.

As at 30 June 2017, certain companies of the Group which are located in China had cash and deposit balances denominated in RMB amounting to approximately RMB4,274,000 (2016: RMB4,551,000) which are deposited with financial institutions in China, are not freely convertible into foreign currencies.

Significant cash and bank balances of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollar ("SGD")	**271**	725	**220**	722

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Investment funds				
- at fair value	**-**	18,800	**-**	-
	-	18,800	**-**	-

The above financial assets are classified as held for trading. Fair values for these instruments have been measured as described in note 28(v).

Financial assets at fair value through profit or loss of the Group and Company are denominated in RMB.

17. TRADE RECEIVABLES – GROUP

	2017	2016
	RMB'000	RMB'000
Trade receivables	**-**	273
	-	273

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis.

Aging analysis of trade receivables that are not considered to be impaired is as follows:

	2017	2016
	RMB'000	RMB'000
Neither past due nor impaired	**-**	-
Past due:		
Not more than 3 months past due	**-**	171
More than 3 months but not more than 6 months	**-**	102
	-	273
	-	273

The Group's management considers that no allowance for impairment of trade receivables, which were past due but not impaired, is necessary as there was no recent history of default in respect of these trade debtors.

Trade receivables that were neither past due nor impaired related to customers that had a good track record of credit with the Group.

As at the end of the reporting period, the trade receivables of the Group are denominated in RMB.

18. OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables	**707**	716	**-**	100
	707	716	**-**	100

Movement in the provision for impairment of other receivables is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Balance at the beginning of the year	**-**	-	**-**	-
Impairment loss recognised during the year	**-**	141	**-**	-
Write off of provision during the year	**-**	(141)	**-**	-
Balance at the end of the year	**-**	-	**-**	-

At each reporting date, the Group reviews other receivables for evidence of impairment on both an individual and collective basis. The impaired other receivables of RMB Nil (2016: RMB141,000) recognised during the year ended 30 June 2017 was due from debtors experiencing financial difficulties that was in default of delinquency of payments.

Ageing analysis of other receivables that are not considered to be impaired is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Neither past due nor impaired	**704**	716	**-**	100
Past due:				
Not more than 3 months past due	3	-	-	-
More than 3 months but not more than 6 months	-	-	-	-
More than 6 months but not more than 1 year	-	-	-	-
More than 1 year	-	-	-	-
	3	-	**-**	-
	707	716	**-**	100

The Group's management considers that no allowance for impairment of other receivables, which were past due but not impaired, is necessary as there was no recent history of default in respect of these debtors.

18. OTHER RECEIVABLES (Continued)

As at the end of the reporting period, significant other receivables of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD	**-**	100	**-**	100

19. OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Accruals	**1,147**	289	**392**	226
Other payables – purchases of property, plant and equipment and additions to investment property	**10,862**	10,862	**-**	-
Other payables – others (note)	**3,040**	9,660	**453**	804
	15,049	20,811	**845**	1,030

Note:

During the year ended 30 June 2016, the Group's balance included approximately RMB4,433,000 deposit received from Longcheer Telecommunication (H.K.) Limited in respect of proposed disposal of Mentech pursuant to a conditional sale and purchase agreement entered on 20 June 2016 (Note 13). The deposit is released upon the completion of disposal on 29 September 2016.

As at the end of the reporting period, significant other payables of the Group and Company that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD	**435**	804	**435**	489

20. DEFERRED TAX – GROUP

Movements in deferred tax assets and liabilities during the year are as follows:

	Revaluation of investment property RMB'000	Tax losses RMB'000	Total RMB'000
At 30 June 2016 and 1 July 2016	-	-	-
Charge/(credit) to profit or loss	8,624	(562)	8,062
At 30 June 2017	**8,624**	**(562)**	**8,062**

As at 30 June 2017, the Group has deferred tax liabilities arising from fair value change on investment property amounting to approximately RMB 8,624,000 and they have been partially offset with deferred tax assets amounting to approximately RMB 562,000 that can be utilised in the foreseeable future. Under the current tax legislation, tax losses can be carried forward for five years since the year the loss is incurred. There are unrecognised tax losses relating to unused tax losses of FY2011 and FY2012 of RMB13,837,000 and RMB10,338,000 had lapsed and expected to lapsed in the calendar year of 2016 and 2017 respectively.

As at 30 June 2016, the Group has deferred tax liabilities arising from tax effect on fair value change on investment property amounting to RMB7,575,000 and they have been fully offset with the deferred tax assets up to the corresponding amount of deferred tax liabilities. The Group has remaining unrecognised tax losses with tax effect of RMB3,706,000 available for offsetting against the future taxable profits of the Group's PRC companies which incurred the losses. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future profit streams.

At 30 June 2016, deferred tax liabilities of approximately RMB9,000 have not been recognised for withholding tax and other taxation that would be payable on the unremitted earnings of its subsidiaries of RMB94,000 as the Group is in a position to control the dividend policies of the subsidiary and it is probable that such amount will be permanently reinvested.

21. SHARE-BASED PAYMENTS

(a) Share option scheme

The Longcheer Share Option Scheme ("the Scheme") was adopted on 25 February 2005. The Scheme is administered by the Remuneration Committee currently comprising Dr. Ow Chin Hock, Mr. David Hwang Soo Chin and Mr. Tao Qiang.

Under the Scheme, the aggregate number of shares that may be issued shall not exceed 5% of the issued share capital of the Company from time to time.

Options entitle the option holder to subscribe for a specific number of new ordinary shares in the Company at a subscription price per share determined by reference to the daily official list or other publication published by the SGX-ST for a period of five consecutive market days immediately preceding the relevant date of grant. The Remuneration Committee may fix the subscription price at a discount up to 20% of the market price but not lower than the par value of the shares subject to the approval by the shareholders in a separate resolution.

21. SHARE-BASED PAYMENTS (Continued)

(a) Share option scheme (Continued)

Options granted with the subscription price set at the market price shall only be exercised after the first anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. Options granted with the subscription price set at a discount to the market price shall only be exercised after the second anniversary but before the tenth anniversary for executive directors and employees (fifth anniversary for non-executive directors) from the date of grant. No options with subscription price set at a discount to the market price will be granted to the independent directors.

The options may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee or non-executive director of the Company or any subsidiary of the Group subject to certain exceptions at the discretion of the Remuneration Committee.

Since inception of the Scheme, no options were granted and no ordinary shares were issued by virtue of the exercise of options.

(b) Share award plan

Pursuant to the circular to shareholders of the Company dated 28 September 2007, the Company introduced a share award plan (the "Plan"), whereby eligible participants are conferred rights by the Company to be issued or transferred fully-paid ordinary shares in the capital of the Company (hereinafter referred to as "Award").

The rationale of the Plan is to provide an opportunity for the directors, including non-executive directors, and full-time employees of the Group (the "Participants") to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and give recognition to employees of the Group who have contributed to the success of the Group. The Participants are not required to pay for the grant of Award or for the shares allotted or allocated pursuant to an Award.

The aggregate number of new shares over which the committee, comprising directors of the Company, duly authorised and appointed by the board of directors to administer the Plan (the "Committee"), may grant Award on any date, when added to the number of new shares issued and issuable in respect of all shares granted under this Plan and any other existing share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed 10% of the issued share capital of the Company on the day preceding that date (the "Plan Limit").

The eligibility of employees to participate in the Plan and number of shares which are the subject of each Award at each date of grant to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee which shall take into account the performance of the Participant and such other general criteria as the Committee may consider appropriate as well as other limitations set forth under the rules of the Listing Manual of the SGX-ST and these rules of the Plan.

21. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

The total number of shares to be offered to Participants who are shareholders holding directly or indirectly 15% or more of the normal amount of all voting shares in the Company or in fact exercising control over the Company (the "Controlling Shareholders"), shall not during the entire operation of the Plan exceed 25% of the Plan Limit and the total number of shares to be offered to each Participant who is a Controlling Shareholder shall not during the entire operation of the Plan exceed 10% of the Plan Limit.

In determining the number of shares to be awarded each year the Committee shall have reference to the Group's performance as reflected in the profit before tax of the financial year.

The grant of an Award to a Participant shall be accepted by the Participant within 30 days from the date of grant. The Participant may accept or refuse the whole but part of a grant of an Award. If the grant of an Award is not accepted by the Participant within 30 days from the day of the grant, the offer shall upon the expiry of the 30 days period automatically lapse and shall be null and void.

In accordance with the Plan, an Award shall be released, in accordance with any conditions that the Committee may, in its absolute discretion specify subject to the following proportions and vesting periods:

(a) After the first anniversary of date of grant: maximum of 30% of Award granted;

(b) After the second anniversary of date of grant: maximum of 30% of Award granted; and

(c) After the third anniversary of date of grant: the remaining balance of the Award granted.

Performance conditions (the "Performance Conditions") refer to the condition or conditions imposed by the Company on a Participant's employment with the Company which must be fulfilled or satisfied by the Participant prior to his eligibility for an Award. Performance period (the "Performance Period") refers to the period of a Participant's employment with the Group which is used to assess the Participant's work performance for the purpose of determining the grant of the Participant's Award.

In relation to an Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the report of the Chief Executive Officer and the management on the job performance of the Participant concerned in respect of the Performance Condition specified in that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

The current Performance Conditions proposed by the Committee are (a) the profit before tax of the Group attributable to shareholders; and (b) the pre-determined performance or service condition to be achieved by the individual Participant. The Committee has the right to amend the Performance Conditions if the Committee decides that it would be equitable to do so.

Fair value of an Award at the grant date is determined by reference to the market price immediately available before the grant date. No Awards were granted during the year ended 30 June 2017 (2016: RMB nil).

22. SHARE CAPITAL

	Group and Company			
	2017	2016	**2017**	2016
	Number of ordinary shares of USD0.2 each	**Number of ordinary shares of USD0.2 each**	**Nominal amount**	**Nominal amount**
Authorised	**250,000,000**	250,000,000	USD50,000,000	USD50,000,000
Issued and paid up at end of year	39,666,395	39,666,395	RMB65,608,000	RMB65,608,000

The Company has one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares (except for treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share.

23. TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of shares	**Cost of acquisition RMB'000**	Number of shares	Cost of acquisition RMB'000
Balance brought forward	4,421,875	90,042	44,218,750	90,042
Effect of share consolidation (note a)	-	-	(39,796,875)	-
Balance carried forward	4,421,875	90,042	4,421,875	90,042

Notes:

(a) Pursuant to the share consolidation on 5 November 2015, the authorised share capital of the Company of USD50,000,000 was divided into 250,000,000 consolidated shares, of which 39,666,395 consolidated shares were issued and fully paid. After the share consolidation, every ten existing issued and unissued shares of par value of USD0.02 each in the share capital of the Company was consolidated into one consolidated share of par value of USD0.2 each.

(b) The Company acquired its own shares in the open market which are held as treasury shares.

24. RESERVES

Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be credited to a contributed surplus account of the Company. Such contributed surplus, may be distributed when the Company is able to settle its liabilities when they fall due after such payment.

Translation reserve

The Group's translation reserve represents all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve represents gains/losses arising on recognising financial assets classified as available for sale at fair value.

Retained earnings

The retained earnings represent all other net gains and losses and transactions with owners not recognised elsewhere.

25. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Loss on disposal of an associate of RMB1,978,000 was charged to profit or loss during the year ended 30 June 2016.

26. COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

(i) Capital commitment

The Company and the Group did not have any capital commitment as at 30 June 2017 and 30 June 2016.

26. COMMITMENTS (Continued)

(ii) Commitments under operating leases

As lessee

The Group leases an office property under operating lease arrangements. Leases for office property is typically negotiated for term of two years (2016: Two years), with an option for renewal after expiry at which time all terms may be renegotiated. The current rent payable on the lease is RMB14,000 (2016: RMB13,000) approximately per month. None of the above lease includes contingent rental.

	Group	
	2017	2016
	RMB'000	RMB'000
Within one year	**28**	13
In the second to fifth year inclusive	**-**	-
	28	13

The Company did not have any commitments as at 30 June 2017 (2016: Nil).

As lessor

The Group leases its investment property under operating lease arrangements for terms ranging from one to five years (2016: Same). Certain leases contain an option to renew the lease and renegotiate the terms at the expiry dates or at dates mutually agreed between the Group and the lessees. None of the leases include contingent rentals.

At the reporting date, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Within one year	**7,588**	8,560
In the second to fifth year inclusive	**5,765**	11,995
	13,353	20,555

27. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. There is no change to the Group's approach to capital risk management during the year.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

Management regards equity attributable to owners of the Company as capital, for capital management purpose. The amount of capital as at 30 June 2017 amounted to approximately RMB133,419,000 (2016: RMB250,330,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group and the Company are not subject to any externally imposed material capital requirements for the financial years ended 30 June 2017 and 2016.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Group's financial risk management objectives and policies are as follows:

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rate against the RMB will affect the Group's financial results and its cash flows.

The Group transacts mainly in SGD, USD and RMB. Certain other receivables, other payables and cash and deposit balances of the Group are denominated in SGD which are not the functional currencies of the Group entities to which these balances related and the Group is therefore exposed to foreign currency risk. To the extent possible, exposure to foreign exchange risks are managed as far as possible by natural hedges of matching assets and liabilities. The Group does not use derivative financial instruments to hedge its foreign exchange risk.

As at 30 June, the Group's foreign currency denominated monetary assets and liabilities, translated into RMB at the closing rates, are as follows:

	2017	2016
	SGD	SGD
	RMB'000	RMB'000
Monetary assets	**271**	825
Monetary liabilities	**(435)**	(804)
	(164)	21

28. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Foreign exchange risk (Continued)

Foreign currency rate sensitivity analysis

The sensitivity analysis has been determined by assuming that the reasonably possible changes in foreign exchange rate had occurred at the reporting date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date with reference to the historical trend of the functional currency of the respective entities against and the foreign currencies SGD. An 8% (2016: 8%) (strengthening)/weakening of SGD against RMB at the reporting date would (decrease)/increase the Group's profit after tax for the year by the amount shown below.

	2017			2016		
	Appreciation of foreign currency against RMB	**Effect on profit after tax RMB'000**	**Effect on retained profits RMB'000**	Appreciation of foreign currency against RMB	Effect on profit after tax RMB'000	Effect on retained profits RMB'000
SGD	**8%**	**(14)**	**(14)**	8%	6	6

As the Company does not have exposure currency risk, the Company's income and operating cash flows are substantially independent of changes in foreign currency rates.

(ii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has not used any derivative contracts to hedge its exposure to interest rate risk or formulated a policy to manage the interest rate risk. The Group's exposure to interest rate risk mainly arises on bank deposits (note 15) where it is not significant. As such, interest rate sensitivity analysis is not deemed necessary.

(iii) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and deposit balances. Management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

As at 30 June 2017 and 2016, none of the Group's financial assets is secured by collateral.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (continued)

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectability of all receivables.

The Group's bank balances are deposited with reputable banks located in Hong Kong, PRC, Singapore and India, including the aggregate bank balance of approximately RMB40,014,000 (2016: RMB45,816,000) maintained with a reputable bank in Singapore.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company can control the operating and financing policies of its subsidiaries.

(iv) Liquidity risk

Liquidity risk refers to the risk in which the Group has difficulty in meeting its short-term obligations. The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

The maturity profile of the Group's financial liabilities as at the reporting dates, based on the contracted undiscounted payments, was as follows:

Group			**2017**		
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**
Accruals	**1,147**	**1,147**	**1,147**	**-**	**-**
Other payables	**13,088**	**13,088**	**13,088**	**-**	**-**
	14,235	**14,235**	**14,235**	**-**	**-**

			2016		
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**
Accruals	289	289	289	-	-
Other payables	20,085	20,085	20,085	-	-
	20,374	20,374	20,374	-	-

28. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Company

	2017				
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**
Accruals	**392**	**392**	**392**	**-**	**-**
Other payables	**453**	**453**	**453**	**-**	**-**
	845	**845**	**845**	**-**	**-**

	2016				
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**
Accruals	226	226	226	-	-
Other payables	804	804	804	-	-
	1,030	1,030	1,030	-	-

(v) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Fair value measurements recognised in the statement of financial position (continued)

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
Available-for-sale financial assets				
- Unlisted	-	-	-	-
Financial assets at fair value through profit or loss				
- Unlisted	-	-	-	-
At fair value	-	-	-	-

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Assets				
Available-for-sale financial assets				
- Unlisted (note a)	-	-	89,521	89,521
Financial assets at fair value through profit or loss				
- Unlisted (note b)	-	18,800	-	18,800
At fair value	-	18,800	89,521	108,321

There have been no transfers between of the fair value measurement hierarchy in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) The unlisted equity investment in Mentech is denominated in USD and measured at fair value as the year ended 30 June 2016. The fair value of the investment is considered level 3 recurring fair value measurement.

(b) The investment funds are denominated in RMB and measured at fair value at the years ended 30 June 2016. These investments were valued at bid price for long positions and ask price for short positions. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. Based on the relevant agreement, the Group can require the investment bank to redeem the units at amount calculated based on the daily rate of return which is available at the investment bank website or comparable investment funds available at the investment bank website under the same risk profile.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vi) Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at the reporting dates are also analysed into the following categories.

Financial assets	**Group**		**Company**	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Available-for-sale financial assets				
- At fair value	**-**	89,521	**-**	-
Financial assets at fair value through profit or loss				
- At fair value	**-**	18,800	**-**	-
Loan and receivables at amortised cost				
- Amounts due from subsidiaries	**-**	-	**-**	168,881
- Trade receivables	**-**	273	**-**	-
- Other receivables	**707**	716	**-**	100
	707	989	**-**	168,981
Cash and deposit balances	**45,791**	51,797	**5,501**	25,465
	46,498	161,107	**5,501**	194,446

Financial liabilities	**Group**		**Company**	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities measured at amortised cost				
- Accruals	**1,147**	289	**392**	226
- Other payables	**13,088**	20,085	**453**	804
	14,235	20,374	**845**	1,030

29. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2017	2016
	RMB'000	RMB'000
Short-term benefits	**2,416**	2,510
Post-employment benefits	**70**	83
	2,486	2,593

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

30. DIVIDENDS

At a special general meeting held on 26 September 2016, the directors recommended a special one-tier tax exempt dividend of SGD0.7 per ordinary share in relation to the completion of disposal of Mentech. The amount of the special dividend is approximately SGD24.67 million (equivalent to approximately RMB120.92 million), and it is paid during the year ended 30 June 2017.

No dividend was paid or proposed during the year ended 30 June 2016.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company were approved and authorised for issue by the board of directors on 28 September 2017.

STATISTICS OF SHAREHOLDINGS

As at 20 September 2017

No. of authoirsed shares	: 250,000,000
Par value per share	: US$0.20
No. of issued shares	: 35,244,520 (excluding treasury shares)
No. / % of treasury shares	: 4,421,875 (12.55%)
Class of shares	: Ordinary
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	20	0.96	586	0.00
1,00 - 1,000	1,003	48.01	657,568	1.86
1,000 - 10,000	922	44.14	3,269,372	9.28
10,001 - 1,000,000	139	6.65	7,492,275	21.26
1,000,001 and above	5	0.24	23,824,719	67.60
TOTAL :	**2,089**	**100.00**	**35,244,520**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	13,113,104	37.21
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,560,100	15.78
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,676,037	7.59
4	OCBC SECURITIES PRIVATE LIMITED	1,442,371	4.09
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,033,107	2.93
6	LONGPARTNER INVESTMENT LIMITED	938,072	2.66
7	NG HIAN CHOW	882,000	2.50
8	ABN AMRO CLEARING BANK N.V.	595,250	1.69
9	TANG JIPING	528,859	1.50
10	TAN KENG KOK	399,560	1.13
11	HONG LEONG FINANCE NOMINEES PTE LTD	292,900	0.83
12	DBSN SERVICES PTE. LTD.	184,150	0.52
13	TAN YONG CHIANG OR TAN HUI LIANG	158,700	0.45
14	HUANG BAOJIA	117,600	0.33
15	VIJEYACONE ARIYACONE @ VIJEYARETNAM	109,300	0.31
16	CHONG CHIE SENG @ PETER CHONG	93,500	0.27
17	KWAN WAI LOEN	87,000	0.25
18	PHUAY YONG HEN	80,600	0.23
19	CHUA BUAN LING ALICIA (CAI MANLIN)	77,600	0.22
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	72,540	0.21
	TOTAL	**28,442,350**	**80.70**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 20 September 2017, approximately 68.74% of the Company's issued ordinary shares (excluding treasury shares) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

SUBSTANTIAL SHAREHOLDERS

As at 20 September 2017
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Dr. Du Junhong(1)	-	-	6,951,431	19.72
Longdu Investment Limited(2)	-	-	5,981,859	16.97
Xin Hui(3)	-	-	3,002,219	8.52
Tomorrow Electronic Co., Ltd	-	-	3,002,219	8.52

Notes:-

(1) Dr. Du Junhong is deemed to be interested in the 6,951,431 Shares as follows:-

(i) 5,981,859 Shares held by Longdu Investment Limited ("Longdu Investment") as Dr. Du is the sole shareholder and director of Longdu Investment.

(ii) 938,072 Shares held by Longpartner Investment Limited ("Longpartner Investment"), by virtue of Dr. Du's shareholdings of 27.78% in the capital of Longpartner Investment.

(iii) 31,500 Shares held in trust by Triple Bonus Investment Pte. Limited.

(2) Longdu Investment is deemed to be interested in 5,981,859 Shares held through DBS Nominees Pte Ltd and Raffles Nominees (Pte) Ltd.

(3) Mr. Xin Hui is deemed to be interested in the 3,002,219 Shares held by Tomorrow Electronic Co., Ltd ("Tomorrow Electronic") as Mr. Xin is the sole shareholder and director of Tomorrow Electronic.

(4) Tomorrow Electonic Co., Ltd is deemed to be interested in the 3,002,219 Shares held through DBS Nominees Pte. Ltd.

(5) Based on the number of issued Shares (excluding treasury Shares) of 35,244,520 as at the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING

LCT HOLDINGS LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35673)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LCT HOLDINGS LIMITED (the "Company") will be held at Anson I & II, Level 2, M Hotel, 81 Anson Road, Singapore 079908, on Monday, 30 October 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Financial Statements of the Company for the financial year ended 30 June 2017 together with the Independent Joint Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Bye-laws:

Mr. Deng Hua	(Retiring pursuant to Bye-Law 86(1))	**(Resolution 2)**
Mr. Tao Qiang	(Retiring pursuant to Bye-Law 86(1))	**(Resolution 3)**
Mr. Du Junqi	(Retiring pursuant to Bye-Law 85(6))	**(Resolution 4)**

Mr. Tao will, upon re-election as a Director of the Company, remain as a member of Remuneration Committee.

3. To approve the payment of Directors' fees of S$188,000 for the financial year ending 30 June 2018, to be paid quarterly in arrears (2017: S$188,000). **(Resolution 5)**

4. To re-appoint BDO Limited, Certified Public Accountants, and BDO LLP, Public Accountants and Chartered Accountants as the Company's Joint Auditors to act jointly and severally and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **Share Issue Mandate**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (the "***shares***") whether by way of rights, bonus or otherwise, and/or

(ii) make or grant offers, agreements or options (collectively, the "***Instruments***") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);

(2) notwithstanding paragraph (1) above, the aggregate number of shares to be issued pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below) provided that the pro-rata renounceable rights shares must be issued no later than 31 December 2018;

(3) (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) above, the total number of issued shares (excluding treasury shares) shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company as at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX- ST) and the Bye-Laws of the Company; and

(5) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 7)

By Order of the Board

Claudia Teo
Company Secretary

Singapore, 13 October 2017

Explanatory Note to Resolution to be passed –

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding fifty per cent (50%) of the issued share capital of the Company (excluding treasury shares), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to existing shareholders of the Company, save that issues of shares pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the issued share capital of the Company (excluding treasury shares) provided that the pro-rata renounceable rights shares must be listed and issued no later than 31 December 2018.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

Unless The Central Depository (Pte) Limited ("**CDP**") specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP's proxies to vote on behalf of CDP at this annual general meeting ("AGM") each of the Depositors who are individuals and whose names are shown in CDP's records as at a time not earlier than forty-eight (48) hours prior to the time of the AGM. Therefore, such Depositors who are individuals can attend and vote at the AGM without the lodgement of any Depositor Proxy Form (as defined below).

However, if such a Depositor who is an individual but is unable to attend the AGM personally and wishes to appoint a nominee to attend and vote on his/her behalf as CDP's proxy must complete, sign and return the proxy form which is despatched together with this Circular to Depositors ("**Depositor Proxy Form**") completed by CDP in accordance with the instructions printed thereon and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding the AGM. Similarly, a Depositor which is a corporation and wishes to attend the AGM must complete, sign and submit the Depositor Proxy Form for the appointment of nominees(s) to attend and vote at the AGM on its behalf as CDP's proxy.

If a Shareholder who is not a Depositor is unable to attend the AGM and wishes to appoint a proxy to attend and vote at the AGM in his stead, then he should complete and sign the proxy form despatched to Shareholders who are not Depositors ("Shareholder Proxy Form") and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding the AGM. Such proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

To be effective, the Depositor Proxy Form or the Shareholder Proxy Form must be deposited by a Depositor or a Shareholder (as the case maybe) at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, no later than 10.00 a.m. on 28 October 2017.

The completion and return of the Depositor Proxy Form by a Depositor or, the Shareholder Proxy Form by a Shareholder, will not prevent the Depositor or the Shareholder (as the case may be) from attending and voting in person at the AGM if he wishes to do so, in place of his/her nominee or proxy (as the case may be).

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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