

LCT HOLDINGS LIMITED

*Incorporated in Bermuda
Company Registration No. 35673*

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the first quarter ended 30 September 2019. These figures have not been audited.

Income Statement For 1st Quarter

	<-----The Group----->		
	FY2020	FY2019	
	1st Qtr	1st Qtr	
	1 Jul 19 to	1 Jul 18 to	+/(-)
	30 Sep 19	30 Sep 18	
	RMB'000	RMB'000	%
Revenue	5,173	3,483	49
Cost of sales	(616)	(787)	(22)
Gross profit	4,557	2,696	69
Other gains	339	136	149
Administrative expenses	(3,488)	(1,505)	132
Profit before income tax	1,408	1,327	6
Income tax expense	(369)	(306)	21
Profit for the period	1,039	1,021	2
Profit for the period attributable to:			
Owners of the Company	909	1,021	(11)
Non-controlling interests	130	-	-
	1,039	1,021	2

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Statement of Comprehensive Income

	<-----The Group----->		
	FY2020	FY2019	
	1st Qtr	1st Qtr	
	1 Jul 19 to	1 Jul 18 to	+/(-)
	30 Sep 19	30 Sep 18	
	RMB'000	RMB'000	%
Profit for the period	1,039	1,021	2
Other comprehensive income, net of tax			
Items that may be reclassified			
subsequently to profit or loss:			
Currency translation			
- Group	912	1,200	(24)
Other comprehensive income for the	912	1,200	(24)
period, net of tax amounting to nil			
Total comprehensive income for the period	1,951	2,221	(12)
Total comprehensive income attributable to:			
Owners of the Company	1,821	2,221	(18)
Non controlling interests	130	-	-
	1,951	2,221	(12)

Notes:

Profit before tax is determined after crediting/(charging) the following:

	<-----The Group----->		
	FY2020	FY2019	
	1st Qtr	1st Qtr	
	1 Jul 19 to	1 Jul 18 to	+/(-)
	30 Sep 19	30 Sep 18	
	RMB'000	RMB'000	%
(a) Bank interest income*	180	2	8,900
(b) Net fair value gain for financial assets at fair value through profit or loss*	78	22	255
(c) Depreciation of property, plant and equipment	(68)	(37)	84
(d) Exchange difference, net*	78	112	(30)

*Included in other gains.

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	<----- Group----->		<----- Company----->	
	As at 30 Sept 19	As at 30 Jun 19	As at 30 Sept 19	As at 30 Jun 19
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	695	653	-	-
Investment property	128,000	128,000	-	-
Intangible assets	700	700	-	-
Goodwill	1,388	1,388	-	-
Interests in subsidiaries	-	-	128,518	128,183
	130,783	130,741	128,518	128,183
Current assets				
Cash and bank balances	55,936	51,662	2,296	332
Financial assets at fair value through profit or loss	2,800	2,950	-	-
Trade receivables	4	-	-	-
Other receivables	331	552	6	37
	59,071	55,164	2,302	369
Current liabilities				
Trade payables	727	704	-	-
Other payables	21,730	20,067	679	1,195
	22,457	20,771	679	1,195
Net current assets/(liabilities)	36,614	34,393	1,623	(826)
Non-current liabilities				
Deferred tax liabilities	16,110	15,798	-	-
Net assets	151,287	149,336	130,141	127,357
EQUITY				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	175,138	173,317	154,575	151,791
Equity attributable to owners of	150,704	148,883	130,141	127,357
Non controlling interest	583	453	-	-
Total equity	151,287	149,336	130,141	127,357

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

There was no borrowing of the Company and the Group as at 30 June 2019 and 30 September 2019.

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- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of cash flows for 1st Quarter Ended 30 September

	<-----The Group----->	
	FY2020	FY2019
	1 st Qtr	1 st Qtr
	1 Jul 19 to	1 Jul 18 to
	30 Sep 19	30 Sep 18
	RMB'000	RMB'000
Cash flow from operating activities		
Profit before income tax	1,408	1,327
Adjustments for:		
Interest income of bank deposits	(180)	(2)
Net fair value gain for financial assets at fair value through profit or loss	(78)	(22)
Depreciation of property, plant and equipment	68	37
Exchange difference, net	(78)	(112)
Operating cash flows before movements in working capital	1,140	1,228
Increase in trade receivables	(4)	(44)
Decrease /(increase) in other receivables	221	(43)
Increase in trade payables	23	-
Increase in other payables and trade deposits received from customers	1,593	182
Income tax paid	(57)	-
Net cash generated from operating activities	2,916	1,323
Cash flow from investing activities		
Interest received	180	2
Interest received from financial assets at fair value through profit or loss	78	22
Redemption of financial assets at fair value through profit or loss	150	(700)
Purchase of property, plant and equipment	(27)	-
Advance to independent third party	-	(11,500)
Net cash generated from/(used in) investing activities	381	(12,176)
Cash flow from financing activities		
Repayment of lease liabilities	(13)	-
Net cash used in financing activities	(13)	-

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	<-----The Group----->	
	FY2020	FY2019
	1st Qtr	1st Qtr
	1 Jul 19 to	1 Jul 18 to
	30 Sep 19	30 Sep 18
	RMB'000	RMB'000
Net increase/(decrease) in cash and cash equivalents	3,284	(10,853)
Cash and cash equivalents at the beginning of the financial period	51,662	47,744
Effect of foreign exchange rate changes, net	990	1,313
Cash and cash equivalents at the end of the financial period	55,936	38,204
 Analysis of cash and cash equivalents		
Cash and bank balances	55,936	38,204

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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the Group

	Attributable to owners of the Company							
	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2019	65,608	(90,042)	138,818	(61,415)	95,914	148,883	453	149,336
Profit for the year	-	-	-	-	909	909	130	1,039
Other comprehensive income								
-Currency translation	-	-	-	912	-	912	-	912
Total comprehensive income for the period	-	-	-	912	909	1,821	130	1,951
Balance at 30 Sep 2019	65,608	(90,042)	138,818	(60,503)	96,823	150,704	583	151,287
Balance at 1 July 2018	65,608	(90,042)	138,818	(62,404)	89,333	141,313	-	141,313
Profit for the year	-	-	-	-	1,021	1,021	-	1,021
Other comprehensive income								
-Currency translation	-	-	-	1,200	-	1,200	-	1,200
Total comprehensive income for the period	-	-	-	1,200	1,021	2,221	-	2,221
Balance at 30 Sep 2018	65,608	(90,042)	138,818	(61,204)	90,354	143,534	-	143,534

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Statement of Changes in Equity for the Company

Company	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2019	65,608	(90,042)	138,818	(64,781)	77,754	127,357
Loss for the period	-	-	-	-	(854)	(854)
Other comprehensive income						
-Currency translation	-	-	-	3,638	-	3,638
Total comprehensive income for the period	-	-	-	3,638	(854)	2,784
Balance at 30 Sep 2019	65,608	(90,042)	138,818	(61,143)	76,900	130,141
Balance at 1 July 2018	65,608	(90,042)	138,818	(69,702)	82,696	127,378
Loss for the period	-	-	-	-	(824)	(824)
Other comprehensive income						
-Currency translation	-	-	-	4,946	-	4,946
Total comprehensive income for the period	-	-	-	4,946	(824)	4,122
Balance at 30 Sep 2018	65,608	(90,042)	138,818	(64,756)	81,872	131,500

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the authorised, issued and paid-up share capital of the Company since the Company's previous announcement.

As at 30 September 2019, the Company held 4,421,875 (30 September 2018: 4,421,875) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<----The Company---->	
	As at 30 Sep 19	As at 30 Jun 19
Issued shares	39,666,395	39,666,395
Less: Treasury shares	(4,421,875)	(4,421,875)
Total number of issued shares excluding treasury shares	35,244,520	35,244,520

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the quarter, no treasury shares were used to satisfy the vesting of an equivalent number of share awards.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

During the quarter, no sales, transfers, cancellation and/or use of subsidiary holdings.

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- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for those newly applicable and amended International Financial Reporting Standards ("IFRS") that are effective for the financial period beginning on 1 July 2019, the Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 30 June 2019.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

During the current financial period, the Group and Company adopted the new IFRS 16 Leases which took effect from financial year beginning 1 July 2019. The Group has applied the modified retrospective approach and does not restate comparative amounts for year prior to first adoption.

Under the new standard, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset included in the property, plant and equipment) and a liability to make lease payments (i.e. the lease liability included in the other payables) are recognised. Interest expense on the lease liability and the depreciation expense on the right-of-use asset are recognised separately in the income statement.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

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6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<-----The Group----->	
	FY2020	FY2019
	1st Qtr	1st Qtr
	RMB cents	RMB cents
Earnings per share	2.58	2.90
Weighted average number of shares	<u>35,244,520</u>	<u>35,244,520</u>

Diluted earnings per share for the three months ended 30 September 2019 and 2018 are the same as the basic earnings per share, as the Group has no dilutive potential during both periods.

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7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	<----The Group---->		<----The Company---->	
	As at 30 Sep 19 RMB (cents)	As at 30 Jun 19 RMB (cents)	As at 30 Sep 19 RMB (cents)	As at 30 Jun 19 RMB (cents)
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	427.60	422.43	369.25	361.35
Number of shares (excluding treasury shares)	35,244,520	35,244,520	35,244,520	35,244,520

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Performance of the Group

Revenue

Revenue increased from RMB3.5million in Q1 FY2019 to RMB5.2 million in Q1 FY2020 .The increase in rental income is due tothe newly acquired company generated RMB 2 million revenue.

Gross profit and gross profit margin

Gross profit was RMB4.6 million in Q1 FY2020 compared to RMB2.7 million in Q1 FY2019. Correspondingly, the gross profit margin rose from 77% in Q1 FY2019 to 88% in Q1 FY2020. The increase in gross profit was mainly due to the increase in income and reduction of electricity costs.

Administrative expenses

Administrative expenses increased from RMB1.51 million in Q1 FY2019 to RMB3.49 million in Q1 FY2020. This was mainly due to the increase operating cost of the newly acquired company and the professional fees incurred for the new business.

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Other gains and losses

Other gains increased from RMB0.14 million in Q1 FY2019 to RMB0.34 million in Q1 FY2020 mainly due to interest income from US dollar bank deposits.

Balance Sheets

Investment property

This relates to the Group's investment property located in Xi'an which was leased out for generating rental income. This property is leased to business customers for science and education purposes.

Right to use assets and lease liabilities

In this period, the right to use asset is increased by RMB0.084 million, and the lease liability is increased by RMB0.071 million. The asset is the office room rented by the Shanghai Xiyun Information Technology Service Co., Ltd., and the lease liability is the house rent to be paid.

Goodwill

Goodwill was generated by the acquisition of 80% equity interests in Shanghai Xiyun Information Technology Services Co., Ltd. as detailed in the Company's announcements released on 22 April 2019, 6 June 2019 and 27 June 2019.

Cash and deposit balances

Cash and deposit balances increased from RMB51.7 million as at 30 June 2019 to RMB55.9 million as at 30 September 2019 mainly due to redemption of financial products and the advance rent paid by lessees in this quarter.

Other payables

This mainly relates to accruals on purchase of property, plant and equipment, and additions to investment property, as well as the deposit paid by Xi'an customers.

Deferred tax liabilities

It represented the tax effect of temporary difference arising from the fair value change on the investment property.

Cash Flow

For Q1 FY2020, the Group recorded net cash generated from operating activities of RMB2.9 million. For Q1 FY2020, the Group recorded net cash generated from investing activities of RMB0.38 million.

For Q1 FY2020, the Group recorded net cash used in financing activities of RMB0.01 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement had been made.

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10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 6 September 2019, the Company had entered into a non-binding term sheet in relation to the proposed acquisition by the Company of the entire equity interest in PG Automotive Holdings Pte. Ltd. together with its subsidiaries and associated companies from Mr Park Ki Chool and his family members.

Management will gradually increase the rental income while maintaining a stable rental rate, focus in the operation of the newly acquired company, and explore new development direction.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Dividend is before tax, net of tax or tax exempt : N.A.

(d) Date of Dividend payable : N.A.

(e) Book Closure Date : N.A.

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12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been recommended. The board of directors chooses to retain capital for future investment opportunities and liquidity.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT Mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained.

14. **Negative Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the first quarter ended 30 September 2019, to be false or misleading in any material aspect.

15. **Undertakings Confirmation pursuant to Rule 720(1)**

The Board of Directors of the Company hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

BY ORDER OF THE BOARD

Mr Du Junqi

Executive Chairman

14 November 2019