

LCT HOLDINGS LIMITED

Incorporated in Bermuda
Company Registration No. 35673

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 31 DECEMBER 2017

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 2nd quarter ended 31 December 2017. These figures have not been audited.

Income Statement For 2nd Quarter

	<-----The Group----->					
	FY2018	FY2017		FY2018	FY2017	
	2nd Qtr	2nd Qtr		1st Half	1st Half	
	1 Oct 17 to	1 Oct 16 to	+/(-)	1 Jul 17 to	1 Jul 16 to	+/(-)
	31 Dec 17	31 Dec 16		31 Dec 17	31 Dec 16	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	2,995	2,900	3	5,863	6,429	(9)
Cost of sales	(700)	(559)	25	(1,483)	(1,357)	9
Gross profit	2,295	2,341	(2)	4,380	5,072	(14)
Other gains and losses	32	1,267	(97)	48	1,841	(97)
Administrative expenses	(2,288)	(2,126)	8	(4,011)	(4,572)	(12)
Profit before income tax	39	1,482	(97)	417	2,341	(82)
Income tax expense	(312)	-	nm	(624)	-	nm
(Loss)/profit for the period	(273)	1,482	nm	(207)	2,341	nm
(Loss)/profit for the period attributable to :						
Owners of the Company	(273)	1,482	nm	(207)	2,341	nm
	(273)	1,482	nm	(207)	2,341	nm

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Statement of Comprehensive Income

	<-----The Group----->					
	FY2018 2 nd Qtr	FY2017 2 nd Qtr		FY2018 1 st Half	FY2017 1 st Half	
	1 Oct 17 to 31 Dec 17	1 Oct 16 to 31 Dec 16	+/(-)	1 Jul 17 to 31 Dec 17	1 Jul 16 to 31 Dec 16	+/(-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
(Loss)/profit for the period	(273)	1,482	nm	(207)	2,341	nm
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss:						
Change in fair value on available-for-sale financial assets	-	-	-	-	805	nm
Currency translation						
- Group	(565)	11,087	nm	(1,407)	11,335	nm
Reclassification adjustment						
- Disposal of available-for-sale-financial assets	-	-	-	-	(2,662)	nm
Other comprehensive income for the period, net of tax amounting to nil	(565)	11,087	nm	(1,407)	9,478	nm
Total comprehensive income for the period	(838)	12,569	nm	(1,614)	11,819	nm
Total comprehensive income attributable to:						
Owners of the Company	(838)	12,569	nm	(1,614)	11,819	nm

nm: Not meaningful / material

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Notes:

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

	<-----The Group----->					
	FY2018 2 nd Qtr	FY2017 2 nd Qtr		FY2018 1 st Half	FY2017 1 st Half	
	1 Oct 17 to 31 Dec 17	1 Oct 16 to 31 Dec 16	+/(-)	1 Jul 17 to 31 Dec 17	1 Jul 16 to 31 Dec 16	+/(-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
(a) Bank interest income*	1	173	(99)	2	174	(99)
(b) Net fair value gain for financial assets at fair value through profit or loss*	42	-	nm	68	152	(55)
(c) Depreciation of property, plant and equipment	(2)	(2)	-	(4)	(6)	(33)
(d) Loss on disposal of property, plant and equipment*	-	-	-	(1)	(1)	-
(e) Exchange difference, net*	(11)	659	nm	(21)	569	nm
(f) Gain on disposal of available-for-sale financial assets*	-	-	-	-	492	nm

*Included in other gains and losses

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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 31 Dec 17	As at 30 Jun 17	As at 30 Dec 17	As at 30 Jun 17
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	27	32	-	-
Investment property	110,000	110,000	-	-
Interests in subsidiaries	-	-	123,794	129,021
	110,027	110,032	123,794	129,021
Current assets				
Cash and bank balances	38,379	45,791	3,199	5,501
Financial assets at fair value through profit or loss	6,500	-	-	-
Other receivables	432	707	-	-
	45,311	46,498	3,199	5,501
Current liabilities				
Other payables	14,847	15,049	534	845
	14,847	15,049	534	845
Net current assets	30,464	31,449	2,665	4,656
Non-current liabilities				
Deferred tax liabilities	8,686	8,062	-	-
Net assets	131,805	133,419	126,459	133,677
EQUITY				
Equity attributable to owners of the Company				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	156,239	157,853	150,893	158,111
Total equity	131,805	133,419	126,459	133,677

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 2017 and 31 December 2017.

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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 2nd Quarter Ended 31 December

	<-----The Group----->			
	FY2018 2 nd Qtr	FY2017 2 nd Qtr	FY2018 1 st Half	FY2017 1 st Half
	1 Oct 17 to 31 Dec 17	1 Oct 16 to 31 Dec 16	1 Jul 17 to 31 Dec 17	1 Jul 16 to 31 Dec 16
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities:				
Profit before income tax	39	1,482	417	2,341
Adjustments for:				
Interest income of bank deposits	(1)	(173)	(2)	(174)
Net fair value gain for financial assets at fair value through profit or loss	(42)	-	(68)	(152)
Depreciation of property, plant and equipment	2	2	4	6
Loss on disposal of property, plant and equipment	-	-	1	1
Exchange difference, net	11	(659)	21	(569)
Gain on disposal of available-for-sale financial assets	-	-	-	(492)
Operating cash flows before movements in working capital	9	652	373	961
Increase in trade receivables	-	-	-	(12)
Decrease / (increase) in other receivables and trade deposits paid to suppliers	344	(139)	275	(61)
Increase / (decrease) in other payables and trade deposits received from customers	64	(2,204)	(202)	(1,655)
Net cash generated from/(used in) operating activities	417	(1,691)	446	(767)
Cash flow from investing activities:				
Interest income of bank deposits	1	173	2	174
Net fair value gain for financial assets at fair value through profit or loss	42	-	68	152
(Acquisition) / redemption of financial assets at fair value through profit or loss	(1,900)	24,000	(6,500)	17,600
Proceeds from disposal of available-for-sale financial assets	-	-	-	84,429
Net cash (used in) / generated from investing activities	(1,857)	24,173	(6,430)	102,355

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	<-----The Group----->			
	FY2018	FY2017	FY2018	FY2017
	2nd Qtr	2nd Qtr	1st Half	1st Half
	1 Oct 17 to	1 Oct 16 to	1 Jul 17 to	1 Jul 16 to
	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from financing activities:				
Dividends paid	-	(120,802)	-	(120,802)
Net cash used in financing activities	-	(120,802)	-	(120,802)
Net decrease in cash and cash equivalents	(1,440)	(98,320)	(5,984)	(19,214)
Cash and cash equivalents at the beginning of the financial period	40,395	131,150	45,791	51,797
Effect of foreign exchange rate changes, net	(576)	11,746	(1,428)	11,993
Cash and cash equivalents at the end of the financial period	38,379	44,576	38,379	44,576
Analysis of cash and cash equivalents				
Cash and bank balances	38,379	44,576	38,379	44,576
Cash and deposit balances	38,379	44,576	38,379	44,576

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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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Oct 2017	65,608	(90,042)	138,818	(62,065)	80,324	132,643
Loss for the period	-	-	-	-	(273)	(273)
Other comprehensive income						
-Currency translation						
-Group	-	-	-	(565)	-	(565)
Total comprehensive income for the period	-	-	-	(565)	(273)	(838)
Balance at 31 Dec 2017	65,608	(90,042)	138,818	(62,630)	80,051	131,805

	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Oct 2016	65,608	(90,042)	138,818	(73,042)	87,319	128,661
Profit for the period	-	-	-	-	1,482	1,482
Other comprehensive income						
-Currency translation						
- Group	-	-	-	11,087	-	11,087
Total comprehensive income for the period	-	-	-	11,087	1,482	12,569
Balance at 31 Dec 2016	65,608	(90,042)	138,818	(61,955)	88,801	141,230

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Statement of Changes in Equity for the Company

Company	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Oct 2017	65,608	(90,042)	138,818	(69,259)	84,936	130,061
Loss for the period	-	-	-	-	(1,602)	(1,602)
Other comprehensive income						
-Currency translation	-	-	-	(2,000)	-	(2,000)
Total comprehensive income for the period	-	-	-	(2,000)	(1,602)	(3,602)
Balance at 31 Dec 2017	65,608	(90,042)	138,818	(71,259)	83,334	126,459
Balance at 1 Oct 2016	65,608	(90,042)	138,818	(68,532)	87,898	133,750
Loss for the period	-	-	-	-	(412)	(412)
Other comprehensive income						
-Currency translation	-	-	-	5,202	-	5,202
Total comprehensive income for the period	-	-	-	5,202	(412)	4,790
Balance at 31 Dec 2016	65,608	(90,042)	138,818	(63,330)	87,486	138,540

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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 31 December 2017, the Company held 4,421,875 (31 December 2016: 4,421,875) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 31 December 2017.

- 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 31 Dec 17	As at 30 Jun 17
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.

- 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.

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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 2017, 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 2017.

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.**

The Group has adopted the applicable new and amended IFRS that are effective during the period. The adoption of these new and amended IFRS did not result in a significant change to the Group's accounting policies.

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----->			
	FY2018 2 nd Qtr RMB cents	FY2017 2 nd Qtr RMB cents	FY2018 1 st Half RMB cents	FY2017 1 st Half RMB cents
(Loss)/earnings per share	(0.77)	4.20	(0.58)	6.64
Weighted average number of shares	35,244,520	35,244,520	35,244,520	35,244,520

Diluted earnings per share for the three months ended 31 December 2017 and 2016 are the same as the basic earnings per share, as the Group has no dilutive potential during both periods.

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 31 Dec 17 RMB cents	As at 30 Jun 17 RMB cents	As at 31 Dec 17 RMB cents	As at 30 Jun 17 RMB cents
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	373.97	378.55	358.80	379.28
Number of shares (excluding treasury shares)	35,244,520	35,244,520	35,244,520	35,244,520

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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 to RMB3.0 million in Q2 FY18 compared to RMB2.9 million in Q2 FY17. The increase in rental income was mainly due to increase in average rental rate upon renewal of expired lease agreements.

Gross profit and gross profit margin

Gross profit was RMB2.3 million in Q2 FY18 same as RMB2.3 million in Q2 FY17. Correspondingly, gross profit margin for Q2 FY18 was 77% a decrease from 81% in Q2 FY17.

Administrative expenses

Administrative expenses increased from RMB2.1 million in Q2 FY17 to RMB2.3 million in Q2 FY18 mainly due to increase in maintenance cost for the investment property in Xi'an. The maintenance cost was RMB0.46 million in Q2 FY18 resulted in a decrease in the profit before income tax to RMB0.039 million in Q2 FY18.

Income Tax Expense

Income tax expense was RMB0.312 million in Q2 FY18 that led a net loss of RMB0.273 million in Q2 FY18.

Other gains and losses

Other gains decreased from RMB1.3 million in Q2 FY17 to RMB0.03 million in Q2 FY18 mainly due to the unrealised exchange gains arise from depreciation of USD and the penalty from certain tenants in Q2 FY17.

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.

Cash and deposit balances

Cash and deposit balances decreased from RMB45.8 million as at 30 June 2017 to RMB38.4million as at 31 December 2017 mainly due to used RMB6.5 million for the acquisition of financial assets.

Other payables

This mainly relates to the payables to constructors for the Xi'an investment property.

Cash Flow

For Q2 FY18, the Group recorded net cash generated from operating activities of RMB0.4 million.

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During the quarter, the Group used RMB6.5 million for the acquisition of financial assets .

- 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.

- 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.**

Management will focus on improving the occupancy rate of the investment property located in Xi'an.

Going forward, the Board will also consider all available options to the Company which are in the interests of the shareholders. Shareholders will be informed in due course once a definitive decision has been made.

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.

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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.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been recommended.

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 quarter ended 31 December 2017, 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

12 February 2018