

LCT

Holdings Limited

Annual Report 2016

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LETTER TO SHAREHOLDERS

Dear Shareholders:

A SATISFACTORY YEAR

The Board of Directors presents its Annual Report for the financial year ended 30 June 2016 ("FY2016").

The Company's revenue for FY2016 was unchanged at RMB 11.3 million. Gross profit rose 2% to RMB 8.8 million, while administrative expenses declined 1% to RMB 9.1 million. Other losses improved substantially from RMB 16.5 million to RMB 3.3 million, primarily due to the RMB 13.2 million loss in property fair value in the prior year not recurring in the current year.

As a result, net profit was RMB 6.4 million, a substantial improvement compared to a loss of RMB 5.0 million in the prior year.

BUILDING NEW FOUNDATIONS

Following resounding shareholding support, our Group has disposed of its 21.89% stake in Mentech Ltd, receiving aggregate sales proceeds of RMB 88 million. This marked our complete exit from the highly competitive electronics industry which is beset by pricing pressure, labour issues and declining margins.

The sale also unlocked substantial value for shareholders, allowing the payment of a special one-tier tax exempt dividend of S\$24.64 million, equivalent to approximately S\$0.70 per share.

A NEW FUTURE TOGETHER

Our exit from the telecom and electronics industry marks the start of new beginnings. Our firm has been renamed "LCT Holdings Limited" and will trade under this name in the future.

Over the years, our Group has established a track record and reputation for building and sharing value with all our stakeholders. Our Board and management have been exploring business with the potential to meet our expectations for future income or dividend yield.

We look forward to keeping you informed of any business that we identify that can meet our stringent test. We thank you for your support in the past year and look forward to building our new future together with you.

From the Board of Directors

BOARD OF DIRECTORS

Dr. Du Junhong

Executive Director and Chairman

Dr. Du Junhong is our Executive Director and Chairman. He is a founder of our Group. Dr. Du was appointed to the Board on 20 August 2004 and was last re-elected on 26 October 2015. He is responsible for the overall operations, corporate policies, business development and investment strategy of our Group. Prior to founding our Group in July 2002, Dr. Du was with ZTE Corporation, one of the largest listed telecommunications equipment providers in the PRC, where he organised and led various research and development projects and project development. After graduating from Zhejiang University, he joined ZTE Corporation in June 1999 as a mobile handset engineer, and was subsequently promoted through the ranks to project manager and to head of department of the systems division. He obtained his Bachelor, Master and Doctoral degree in Electrical Engineering from Zhejiang University, China.

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 an 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 2013. 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 and Chief Executive Officer

Mr. Deng Hua is our Executive Director and CEO. 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 March 1997 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 Bachelor of Engineering from the Technology

BOARD OF DIRECTORS

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 2013. 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

Dr. Du Junhong (Chairman)

Mr. Deng Hua

Non-Executive

Mr. Tao Qiang

Mr. David Hwang Soo Chin (Independent)

Dr. Ow Chin Hock (Independent)

Mr. See Yen Tarn (Independent)

MANAGEMENT TEAM

Dr. Du Junhong (Executive Chairman)

Mr. Deng Hua (Chief Executive Officer)

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

Dr. Du Junhong

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

Codan Services Limited (Bermuda)

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

Codan Services Limited (Bermuda)

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 (formerly known as Longcheer 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 Group is thus fully committed to upholding the highest standards of corporate governance within the Group to promote corporate transparency protect the interests of its shareholders and enhance long-term shareholder value.

This report sets out the Group’s corporate governance processes and structures that are in place during the financial year ended 30 June 2016, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited’s (the “SGX-ST”) Listing Manual.

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

The Board of Directors (the “Board”) comprises Directors with a wide range of skills, experience and qualities in the field of mobile telecommunications devices design. 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 Company’s 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”), namely the Audit Committee, the Nominating Committee and the Remuneration Committee. 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 Management and the corporate affairs of the Group. Apart from fulfilling its statutory responsibilities, the Board’s principal functions include:

- (i) Approving the Group’s strategic plans, key operational initiatives, major investments and divestments as well as funding requirements and monitoring the performance of 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 guidance in the overall management of the business and affairs of the Group;
- (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; and
- (vii) Appointment of the Company Secretary.

CORPORATE GOVERNANCE REPORT

Directors are provided with regular updates, particularly on relevant new laws, regulations, changing commercial risks and information of the industry. The Directors also have access to the advice and services of the Company Secretary and Management, and may in appropriate circumstances, seek independent professional advice concerning the Group's affairs. Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices.

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

					Non-Interested Directors' Committee⁽¹⁾
	Board	Audit Committee	Nominating Committee	Remuneration Committee	
Name of Directors	No. of meetings attended / No. of meetings held				
Dr. Du Junhong	4/4	-	1/1	-	-
Mr. Deng Hua	4/4	-	-	-	-
Mr. Tao Qiang	4/4	-	-	1/1	1/1
Dr. Ow Chin Hock	3/4	3/4	1/1	1/1	0/1
Mr. David Hwang Soo Chin	4/4	4/4	1/1	1/1	1/1
Mr. See Yen Tarn	4/4	4/4	-	-	1/1

Note:

⁽¹⁾A Non-interested Directors' Committee (NID Committee) was formed for the proposed disposal of 21.89% interest in Mentech Investment Limited and the proposed declaration of special one-tier tax-exempt dividend.

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 (as defined below) and the Board is of the opinion that the present Board size and the number of Board Committees is sufficient, taking into account the scope and nature of the Group's operations. 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 current Board comprises persons who, as a group, have 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.

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

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)

In line with the Code, there is a clear demarcation of the roles responsibilities of the Chairman and the Chief Executive Officer (“CEO”) to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Dr. Du Junhong is the Executive Chairman and Mr. Deng Hua is the CEO. Dr. Du Junhong and Mr. Deng Hua are not related to each other.

As Executive Chairman, Dr. Du Junhong leads Board discussions and deliberations. Dr. Du ensures that Board meetings are held regularly and as and when necessary. He sets the agenda, in consultation with the CEO, and ensures that Directors are provided with complete, adequate and timely information. The Executive Chairman 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 CEO, Mr. Deng Hua is responsible for the day-to-day management of the Group. Together with Dr. Du Junhong, Mr. Deng Hua 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.

BOARD MEMBERSHIP (Principle 4)

The Nominating Committee (“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
Dr. Du Junhong

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;

CORPORATE GOVERNANCE REPORT

- (v) Reviewing the Board's performance; and
- (vi) Assessing the effectiveness of the Board as a whole.

During the financial year, the NC met once, 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 the financial year ended 30 June 2016 as stipulated in the Code and is of the opinion that 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 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.

Although the independent directors hold directorships in other companies, the Board is of the view that such multiple Board representations do not impede their performance in carrying out their duties to the Company. These Directors would widen the experience of the Board and give it a broader perspective.

Bye-Law 86 (1) of the Company's Bye-Laws 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 David Hwang Soo Chin and Mr See Yen Tarn, who are retiring at this forthcoming Annual General Meeting ("AGM"), and have offered themselves for re-election as Directors of the Company.

BOARD PERFORMANCE (Principle 5)

The Board has a formal process, which is determined and overseen by the NC, for assessing and evaluating the Board's performance as a whole as well as the contributions of each individual Director. 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 Management and standards of conduct of the Directors. The 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.

CORPORATE GOVERNANCE REPORT

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 Management if necessary. Requests for information from the Board are dealt with promptly by the Management. Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, Management is normally invited to attend the Board meeting.

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 Management and the Company Secretary at all times and on all matters whenever they deem necessary.

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

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 remuneration packages of Senior Management of the Group;
- (iii) 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; and
- (iv) Administering the Group's long-term incentive scheme, the Share Award Plan, and considering the eligibility of Directors for benefits under the scheme.

CORPORATE GOVERNANCE REPORT

During the financial year, the RC met three times, 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.

LEVEL AND MIX OF REMUNERATION (Principle 8)

The Board's remuneration policy is intended 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, Dr. Du Junhong and Mr. Deng Hua are paid based on their service agreements with the Company. The Executive Directors had each entered into a new service agreement with the Company for a period of 3 years commencing from 8 September 2014, 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 the executive directors. The service agreements provide for termination by either the executive director or the Company with a 6-month written notice period.

The non-executive directors do not have any service agreements with the Company. The current remuneration of the non-executive directors is commensurate with the level of contribution, taking into account factors such as effort and time spent for serving the Board and Board Committees, as well as other responsibilities of the directors. The remuneration of the non-executive directors takes the form of a fixed fee.

DISCLOSURE ON REMUNERATION (Principle 9)

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 the financial year ending 30 June 2017. The Board will table the Directors' fee at the forthcoming AGM for shareholders' approval.

No Director was involved in determining his own remuneration.

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

Remuneration Band	Number of Directors	
	2016	2015
Above S\$500,000	-	-
S\$250,000 to S\$499,999	-	-
Below S\$250,000	6	6

CORPORATE GOVERNANCE REPORT

The mix of the remuneration payable to directors for the financial year ended 30 June 2016 is as follows:

Name of Directors	Status	Fees ⁽¹⁾	Salary	Bonus	Other Benefits
Dr. Du Junhong	Executive	-	100%	-	-
Mr. Deng Hua	Executive	-	87%	-	13%
Mr. Tao Qiang	Non-executive	53%	47%	-	-
Dr. Ow Chin Hock	Independent	100%	-	-	-
Mr. David Hwang Soo Chin	Independent	100%	-	-	-
Mr. See Yen Tarn	Independent	100%	-	-	-

Note:

(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 individual executives who are not also Directors is disadvantageous to its business interest.

The remuneration of these key executives who are not also Directors is set out below in bands of S\$250,000:

Remuneration Band	Number of Key Executives	
	2016	2015
Below S\$250,000	-	1

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 the financial year ended 30 June 2016.

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 administered by the RC.

On 10 November 2014, the Board of Directors of the Company had announced that the shares 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.

CORPORATE GOVERNANCE REPORT

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 the financial year under review, the AC has reviewed the adequacy and effectiveness of the Group's internal controls and risk management systems. 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 2016.

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 Chief Financial Officer for the financial year under review:

- (i) that 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) that the Company's risk management and internal control systems are 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

CORPORATE GOVERNANCE REPORT

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 plan;
 - (b) findings and recommendations to Management as well as Management's response thereto;
 - (c) evaluation of system of internal accounting controls; and
 - (d) audit report;
- (iii) Reviewing the assistance given by 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; and
- (vii) Reviewing interested person transactions, if any, falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST on a quarterly basis.

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

The AC meets with the external and internal auditors without the presence of 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.

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 financial year ended 30 June 2016 amounted to HK\$730,000. For the financial year ended 30 June 2016, the non-audit services (tax advisory) provided by BDO LLP to the Company amounted to SGD3,500.

The Company has re-appointed BDO Limited and BDO LLP as joint auditors of the Company for the year ended 30 June 2016 and accordingly the Company has complied with Rule 712 of the Listing Manual of the SGX-ST. 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 of the SGX-ST.

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 of the SGX-ST. The Group's significant subsidiaries are disclosed under Note 14 to the Financial Statements on pages 61 to 63 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.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT (Principle 13)

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 (a) assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group (b) to review the internal controls of the Group to ensure proper recording of transactions and safeguarding of assets; and (c) to 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 properly.

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

In line with the continuous obligations of the Company pursuant to the SGX-ST 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 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 of the Company 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.

The Company's main forum for dialogue with shareholders is the AGM, where the Board (including 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.

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.

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. For greater transparency, the Company will put all resolutions to vote by way of poll for general meetings. An announcement containing the detailed results of the number of votes cast for, and against, each resolution and the respective percentages will be made on the same day via SGXNET.

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.

CORPORATE GOVERNANCE REPORT

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 of the SGX-ST 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 of the SGX-ST.

Interested Person Transactions

Transactions with the Company's interested persons (as defined in the Listing Manual of the SGX-ST) 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 to the Purchaser, for an aggregate cash consideration of RMB88 million (equivalent to approximately US\$13.37 million) ("Proposed Disposal").

Dr. Du Junhong is the chairman, executive director and substantial shareholder of the Company and he holds deemed interests of 46% in the Purchaser through various entities. In addition, Mr. Deng Hua, the CEO, executive director and shareholder of the Company, holds deemed interests of 8.70% in the Purchaser through an entity. As a result, the Purchaser is considered as an interested person of the Company. Accordingly, the Proposed Disposal constitutes an interested person transaction.

During the year under review, except for the aforementioned transaction, there were no 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 members together with the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 and the statement of financial position of the Company as at 30 June 2016.

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 2016 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 30 September 2016.

1 DIRECTORS

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

Dr. Du Junhong	(Chairman)
Mr. Deng Hua	(Chief Executive Officer)
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.

DIRECTORS' STATEMENT

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				
<u>Ordinary shares of US\$0.02 each</u>				
Dr. Du Junhong	-	-	6,951,431	6,951,431
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 as at 21 July 2016 were the same as at 30 June 2016.

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.

DIRECTORS' STATEMENT

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

.....
Dr. Du Junhong

.....
Mr. Deng Hua

30 September 2016

INDEPENDENT JOINT AUDITORS' REPORT

**TO THE MEMBERS OF LCT HOLDINGS LIMITED
(FORMERLY KNOWN AS LONGCHEER HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)**

We have audited the consolidated financial statements of LCT Holdings Limited (Formerly known as Longcheer Holdings Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 21 to 86, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2016, and 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 and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT JOINT AUDITORS' REPORT

Opinion

In our opinion, the 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 financial position of the Group and of the Company as at 30 June 2016, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

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

30 September 2016

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

30 September 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
<u>Continuing Operation</u>			
Revenue	5	11,351	11,325
Cost of sales		(2,594)	(2,765)
Gross profit		8,757	8,560
Other gains and losses	5	(3,301)	(16,453)
Administrative expenses		(9,105)	(9,239)
Share of results of associates		10,077	12,136
Profit/(loss) before income tax	7	6,428	(4,996)
Income tax expense	8	-	-
Profit/(loss) for the year from continuing operation		6,428	(4,996)
<u>Discontinued Operation</u>			
Profit for the year from discontinued operation, after tax	7	-	36,321
Profit for the year attributable to owners of the Company		6,428	31,325
<u>Earnings per share attributable to owners of the Company</u>			
Earnings per share (RMB cents)	9		(restated)
- Basic and diluted			
From continuing and discontinued operations		18.24	88.88
From continuing operation		18.24	(14.18)
From discontinued operation		-	103.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Profit for the year		6,428	31,325
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	(411)
Reclassification adjustment – Disposal of subsidiaries		-	(29,132)
Reclassification adjustment – Disposal of an associate		890	-
Currency translation			
- Group		3,336	865
- Associates		2,740	(387)
- Available-for-sale financial assets		-	8
Other comprehensive income for the year, net of tax amounting to RMB NIL (2015: RMB NIL)		8,823	(29,057)
Total comprehensive income for the year		15,251	2,268
Total comprehensive income attributable to:			
Owners of the Company		15,251	2,268

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2016

		Group		Company	
	Notes	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	11	34	59	-	-
Interests in associates	15	-	83,797	-	-
Investment property	17	110,000	110,000	-	-
		110,034	193,856	-	-
Current assets					
Cash and deposit balances	18	51,797	39,937	25,465	29,337
Financial assets at fair value through profit or loss	19	18,800	7,500	-	-
Available-for-sale financial assets	16	89,521	10,000	-	-
Amounts due from subsidiaries	22	-	-	168,881	155,654
Trade receivables	20	273	-	-	-
Other receivables	21	716	812	100	-
		161,107	58,249	194,446	184,991
Current liabilities					
Amounts due to subsidiaries	22	-	-	-	8,253
Other payables	23	20,811	17,026	1,030	2,092
		20,811	17,026	1,030	10,345
Net current assets		140,296	41,223	193,416	174,646
Net assets		250,330	235,079	193,416	174,646
EQUITY					
Equity attributable to owners of the Company					
Share capital	25	65,608	65,608	65,608	65,608
Treasury shares	26	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	27	274,764	259,513	217,850	199,080
Total equity		250,330	235,079	193,416	174,646

ON BEHALF OF THE BOARD OF DIRECTORS

Dr. Du Junhong
Director

Mr. Deng Hua
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Cash flow from operating activities			
Profit/(loss) before income tax			
From continuing operation		6,428	(4,996)
From discontinued operation		-	37,421
Adjustments for:			
Interest income of bank deposits		(57)	(8,003)
Interest income of other receivables		-	(791)
Interest expenses		-	150
Net fair value gain for financial assets at fair value through profit or loss		(340)	(360)
Allowance for and write down of inventories		-	12,565
Amortisation of land use rights		-	67
Amortisation of intangible assets		-	439
Depreciation of property, plant and equipment		41	1,930
Fair value change on investment property	17	-	13,225
Gain on disposal of property, plant and equipment		-	(16)
Gain on disposal of subsidiaries	14	-	(25,730)
Gain on disposal of available-for-sale financial assets	16(b)	(712)	-
Provision of impairment loss on other receivables	21	141	-
Write off of other payables		(699)	-
Share of results of associates		(10,077)	(12,136)
Loss/(gain) on disposal of interest in an associate		1,978	(216)
Reversal of equity-settled share-based payment expense	24(b)	-	(888)
Foreign exchange difference		1,847	5,529
Operating cash flows before movements in working capital		(1,450)	18,190
Increase in trade and note receivables		(273)	(46,396)
Increase in other receivables and trade deposits paid to suppliers		(45)	(64,882)
Increase in inventories		-	(162,726)
Increase in trade and bill payables		-	146,292
Increase in other payables and trade deposits received from customers		51	120,653
Cash (used in)/generated from operations		(1,717)	11,131
Interest paid		-	(150)
<i>Net cash (used in)/generated from operating activities</i>		(1,717)	10,981

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	Notes	2016 RMB'000	2015 RMB'000
Cash flow from investing activities			
Interest received		57	9,059
Proceeds from disposal of property, plant and equipment		-	48
Purchase of property, plant and equipment		(16)	(8,420)
Purchase of intangible assets		-	(52)
Dividend received from associates		7,862*	7,364
Proceeds from disposal of interest in an associate		-	15,040
Interest received from financial assets at fair value through profit or loss		340	360
Acquisition of available-for-sale financial assets		-	(10,000)
Proceeds from disposal of available-for-sale financial assets		10,712	-
Disposal of financial assets at fair value through profit or loss		7,500	23,380
Acquisition of financial assets at fair value through profit or loss		(18,800)	(7,500)
Disposal of subsidiaries (net of cash and cash equivalents disposed)	14	-	151,515
Decrease in restricted balances in banks and pledged deposits		-	70,174
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	1,124
<i>Net cash generated from investing activities</i>		12,520	252,092
Cash flow from financing activity			
Dividend paid		-	(445,150)
<i>Net cash used in financing activity</i>		-	(445,150)
Net increase/(decrease) in cash and cash equivalents		10,803	(182,077)
Cash and cash equivalents at the beginning of year		39,505	226,151
Effect of foreign exchange rates changes, net		1,489	(4,569)
Cash and cash equivalents at end of year		51,797	39,505
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)	18	51,797	39,505

* 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 2016

Group	Share capital RMB'000 (Note 25)	Treasury shares RMB'000 (Note 26)	Share premium* RMB'000 (Note 27)	Capital reserve* RMB'000 (Note 27)	Legal reserve* RMB'000 (Note 27)	Share award reserve* RMB'000 (Note 27)	Translation reserve* RMB'000 (Note 27)	Property revaluation reserve* RMB'000 (Note 27)	Available-for-sale financial assets revaluation reserve* RMB'000 (Note 27)	Retained earnings* RMB'000 (Note 27)	Total RMB'000
Balance at 1 July 2014	65,608	(90,042)	138,818	30,546	75,433	888	(51,610)	10,994	614	504,375	685,624
Arising from share award plan	-	-	-	-	-	(888)	-	-	-	-	(888)
Fair value change on investment property	-	-	-	-	-	-	-	(6,775)	-	-	(6,775)
Disposal of subsidiaries	-	-	-	(30,546)	(75,433)	-	-	(4,219)	(203)	110,401	-
Dividend paid	-	-	-	-	-	-	-	-	-	(445,150)	(445,150)
Transactions with owners	-	-	-	(30,546)	(75,433)	(888)	-	(10,994)	(203)	(334,749)	(452,813)
Profit for the year	-	-	-	-	-	-	-	-	-	31,325	31,325
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
- Change in fair value on available-for-sale financial assets	-	-	-	-	-	-	-	-	(411)	-	(411)
Reclassification adjustment – Disposal of subsidiaries	-	-	-	-	-	-	(29,132)	-	-	-	(29,132)
- Currency translation	-	-	-	-	-	-	-	-	-	-	-
- Group	-	-	-	-	-	-	865	-	-	-	865
- Associates	-	-	-	-	-	-	(387)	-	-	-	(387)
- Available-for-sale financial assets	-	-	-	-	-	-	8	-	-	-	8
Total comprehensive income for the year	-	-	-	-	-	-	(28,646)	-	(411)	31,325	2,268
Balance at 30 June 2015	65,608	(90,042)	138,818	-	-	-	(80,256)	-	-	200,951	235,079

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2016

Group	Share capital RMB'000 (Note 25)	Treasury shares RMB'000 (Note 26)	Share premium* RMB'000 (Note 27)	Capital reserve* RMB'000 (Note 27)	Legal reserve* RMB'000 (Note 27)	Share award reserve* RMB'000 (Note 27)	Translation reserve* RMB'000 (Note 27)	Property revaluation reserve* RMB'000 (Note 27)	Available-for-sale financial assets revaluation reserve* RMB'000 (Note 27)	Retained earnings* RMB'000 (Note 27)	Total RMB'000
Balance at 30 June 2015 and 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

* These reserve accounts comprise the consolidated reserves of approximately RMB274,764,000 (2015: RMB259,513,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2016

Company

	Share capital RMB'000 (Note 25)	Treasury shares RMB'000 (Note 26)	Share premium* RMB'000 (Note 27)	Share award reserve* RMB'000 (Note 27)	Translation reserve* RMB'000 (Note 27)	Retained earnings* RMB'000 (Note 27)	Total RMB'000
Balance at 1 July 2014	65,608	(90,042)	138,818	888	(83,886)	231,781	263,167
Arising from share award plan	-	-	-	(888)	-	-	(888)
Dividend paid	-	-	-	-	-	(445,150)	(445,150)
Transaction with owners	-	-	-	(888)	-	(445,150)	(446,038)
Profit for the year	-	-	-	-	-	358,165	358,165
Other comprehensive income							
- Currency translation	-	-	-	-	(648)	-	(648)
Total comprehensive income for the year	-	-	-	-	(648)	358,165	357,517
Balance at 30 June 2015 and 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	65,608	(90,042)	138,818	-	(69,946)	148,978	193,416

* These reserve accounts comprise the Company's reserve of approximately RMB217,850,000 (2015: RMB199,080,000) in the Company's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

1. GENERAL INFORMATION

LCT Holdings Limited (Formerly known as Longcheer 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 14 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 pages 21 to 86 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 2015

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 2015.

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.

IFRS Amendments	Annual Improvements 2012-2014 Cycle ¹
Amendments to IAS 1	Disclosure Initiative ¹
Amendments to IAS 7	Disclosure Initiative ²
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ²
IFRS 9 (2014)	Financial Instruments ³
IFRS 15	Revenue from Contracts with Customers ³
Clarification to IFRS 15	Revenue from Contracts with Customers ³
IFRS 16	Leases ⁴

¹ Effective for annual periods beginning on or after 1 January 2016

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

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

⁴ Effective for annual periods beginning on or after 1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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 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 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

IFRS 9 - Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at "fair value through other comprehensive income" ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at "fair value through profit or loss" ("FVTPL").

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 9 will be effective for accounting period beginning on 1 July 2018. The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities; especially the Company has financial assets classified as available-for-sale. However, it is not practicable to provide reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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 model, 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. Consequently, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The Group is in the process of making a detailed assessment of the impact of this standard.

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.

IFRS 15 will be effective for accounting period beginning on 1 July 2018. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 – Leases

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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 certain investment properties 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Foreign currency translation (Continued)

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.

3.6 Revenue recognition

Revenue comprises the fair value of the consideration received and receivable for sale of goods and rendering of services, net of estimated customer returns, rebates and other similar allowances. 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:

Sale of goods

Revenue from the sale of mobile handset design solutions, mobile handsets and data products is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

These are usually taken as the time when the goods are delivered and the customer has accepted the goods.

Rendering of services

Revenue from the rendering of services that are of short duration is recognised when the services are completed.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Revenue recognition (Continued)

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.

3.7 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is capitalised when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

3.8 Intangible assets

Intangible assets are licence fee paid for use of software applications and technology platforms and are recognised initially at cost. After initial recognition, intangible assets with estimated useful lives of 1 to 5 years are carried at cost less accumulated amortisation and any impairment loss. Amortisation for intangible assets is provided using straight-line method over the estimated useful lives.

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Property, plant and equipment (Continued)

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 building	20 years
Leasehold improvements	1 to 5 years
Machinery and equipment	5 years
Office equipment and computers	3 to 5 years
Motor vehicles	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.

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Impairment of non-financial assets

Property, plant and equipment, land use rights, intangible assets, interests in subsidiaries and associate are subject to impairment testing.

Other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Classification of financial assets (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Available-for-sale financial assets (Continued)

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.

(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.

3.13 Land use rights

Land use rights represent upfront payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over 50 years (the term of the lease/right to use).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 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.

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Income tax (Continued)

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.

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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 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.

3.18 Share-based payments

Share option scheme

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Share award plan

The Group operates a share award plan which allows it to issue equity-settled share-based payments to selected employees. For the shares granted to the employees, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted. At each reporting date, the Group revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to equity share award reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share awards expected to vest. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share awards expected to vest differs from previous estimates.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 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.

3.20 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.

Trade and other payables

Trade and other payables (including bill payables and amounts due to subsidiaries) are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 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.

3.22 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 Group has identified the following reportable segments:

- (i) "Development and sales of mobile handset, data products and related services" segment, which involves trading, handset design solutions, manufacturing and sales of mobile handset, mobile handset printed circuit, data products and related materials. The segment is disposed during the financial year ended 30 June 2015.
- (ii) "Property investment" segment involves investment of properties for rental income.

Each of these operating segment is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

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.

Segment assets consist primarily of property, plant and equipment, land use right, other receivables, investment property, inventory, trade receivables, and mainly exclude corporate assets, interests in an associate, financial assets at fair value through profit or loss and available-for-sale financial assets. Segment liabilities comprise operating liabilities and exclude items such as taxation, corporate borrowings and other corporate liabilities.

No asymmetrical allocations have been applied to reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Discontinued operation

A discontinued operation is a component of the group's business, the operation and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographic area of operation, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprise the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3.24 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Related parties (Continued)

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 is 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 judgments in applying accounting policies

Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below carrying value is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the management of the Group takes into account factors such as industry and sector performance and financial information regarding the investee.

- (b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty those have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

Fair value measurement of available-for-sale financial assets and investment properties

Available-for-sale financial assets and investment properties are 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

Fair value measurement of available-for-sale financial assets and investment properties (Continued)

The fair value measurement of available-for-sale financial assets and investment properties utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised 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 detailed information in relation to the fair value measurement of the available-for-sale financial assets and investment properties, please refer to notes 16 and 17 respectively.

Power to exercise significant influence

Although the Group holds 20% or more of voting power (but not over 50%) in one of its investees, the directors of the Company were in the opinion that the Group does not have significant influence over this investee because:

- the Group did not have representation on the board of directors or equivalent governing body of the investee;
- the Group did not have participation in policy-making processes, including participation in decisions about dividends or other distributions;
- the Group did not have material transactions between the entity and its investee;
- there was no interchange of managerial personnel; and
- the Group did not have provision of essential technical information.

Therefore, the investment is treated as available-for-sale investments. Details are given in note 16.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

5. REVENUE, OTHER GAINS AND LOSSES

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

	Group	
	2016	2015
	RMB'000	RMB'000
<u>Continuing Operation</u>		
Revenue		
Rental income derived from investment property	11,351	11,325
Other gains and losses		
Bank interest income	57	146
(Loss)/gain on disposal of interest in an associate	(1,978)	216
Net fair value gain for financial assets at fair value through profit or loss	340	360
Equity-settled share-based payment expenses (Note 24(b))	-	888
Fair value change on investment properties	-	(13,225)
Gain on disposal of available-for-sale financial assets	712	-
Other operating expenses	(1,059)	(12)
Foreign exchange difference, net	(1,847)	(5,131)
Other income	474	305
	(3,301)	(16,453)

6. SEGMENT INFORMATION

During the year ended 30 June 2015, the Group disposed its development and sales of mobile handset, data products and related services segment which is presented as discontinued operation. The segment information reported below does not include any amount for the discontinued operation, details of which are set out in note 7(b) to the financial statements.

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

(a) SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segment:

Year ended 30 June 2016

	Continuing operation	
	Property investment	Total
	RMB'000	RMB'000
Revenue		
Segment revenue (external customers)	11,351	11,351
Segment profit	3,947	3,947
Unallocated corporate expense		(5,869)
Unallocated corporate income		251
Loss on disposal of interests in associates		(1,978)
Share of results of associates		10,077
Profit for the year		6,428

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

6. SEGMENT INFORMATION (Continued)

(a) SEGMENT REVENUE AND RESULTS (continued)

Year ended 30 June 2015

	<u>Continuing operation</u> <u>Property investment</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
Revenue		
Segment revenue (external customers)	11,325	11,325
Segment loss	(7,329)	(7,329)
Unallocated corporate expense		(11,706)
Unallocated corporate income		1,903
Share of result of an associate		12,136
Loss for the year		(4,996)

The accounting policies of the operating segments are same as the Group's accounting policies described in note 3.22. Segment profit/(loss) represents the profit/loss incurred or profit/loss earned in the segment without allocation of unallocated corporate income which includes gain/(loss) on disposal of an associate. This is the measure reported to the chief operating decision-maker for the purpose of resources allocation and performance assessment.

(b) SEGMENT ASSETS AND LIABILITIES

	2016 RMB'000	2015 RMB'000
Segment assets		
Continuing operation		
Property investment segment	115,334	112,283
Other financial assets	108,321	17,500
Interests in associates	-	83,797
Other corporate assets	47,486	38,525
Consolidated assets	271,141	252,105
Segment liabilities		
Continuing operation		
Property investment segment	15,034	14,640
Other corporate liabilities	5,777	2,386
Consolidated liabilities	20,811	17,026

For the purposes of monitoring segment performances and allocating resources between segments, all assets and liabilities are allocated to reportable and operating segments other than other financial assets, interests in associates, other corporate assets and other corporate liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

6. SEGMENT INFORMATION (Continued)

(c) OTHER SEGMENT INFORMATION

Year ended 30 June 2016

	Continuing operation Property investment RMB'000	Total RMB'000
Amounts included in the measure of segment loss or segment assets and liabilities		
Fair value change on investment property	-	-
Depreciation and amortisation	(41)	(41)

Year ended 30 June 2015

	Continuing operation Property investment RMB'000	Total RMB'000
Amounts included in the measure of segment loss or segment assets and liabilities		
Fair value change on investment property	(13,225)	(13,225)
Depreciation and amortisation	(44)	(44)

(d) GEOGRAPHICAL INFORMATION

The Group's revenue from external customers is divided into the following geographical areas for the years ended 30 June 2016 and 2015.

For the year ended 30 June 2016	Continuing Operation	Discontinued Operation	
	Property investment RMB'000	Development and sales of mobile handset, data products and related services RMB'000	Total RMB'000
China (domicile)	11,351	-	11,351
	11,351	-	11,351

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

6. SEGMENT INFORMATION (Continued)

(d) GEOGRAPHICAL INFORMATION (Continued)

For the year ended 30 June 2015	Continuing Operation	Discontinued Operation	
	Property investment RMB'000	Development and sales of mobile handset, data products and related services RMB'000	Total RMB'000
China (domicile)	11,325	904,231	915,556
Hong Kong	-	36,111	36,111
East Asia	-	80,253	80,253
India	-	142,255	142,255
Others	-	193,532	193,532
	11,325	1,356,382	1,367,707

The geographical analysis of revenue is based on the locations of external customers.

81% (2015: 84%) of the total assets and liabilities of the Group at the respective reporting dates were physically located and substantially employed in China. Accordingly, no geographical segmental analysis of the Group's non-current assets is presented.

(e) INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 30 June 2016, there are three (2015: two) customers with whom transactions of each exceed 10% of the Group's total revenue. Revenue derived from these customers is approximately RMB3,551,000, RMB 2,247,000 and RMB1,422,000 individually from the segment of property investment (2015: approximately RMB773,132,000 and RMB142,065,000 individually from the segment of development and sales of mobile handset, data products and related services).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

7. PROFIT/(LOSS) BEFORE INCOME TAX

(a) Profit/(loss) before income tax from continuing operation is arrived at after charging/(crediting):

	Group	
	2016	2015
	RMB'000	RMB'000
Auditors' remuneration of the Company		
- Audit services	621	694
- Non-audit services	16	-
Depreciation of property, plant and equipment	41	39
Employee benefits expense (including equity-settled share-based payment expenses and directors' remuneration and defined contribution plans)	2,806	2,652
Defined contribution plans	140	32
Directors' remuneration (excluding directors' fees)	1,383	1,717
Directors' fees	926	915
Fair value change on investment property	-	(13,225)
Impairment loss on other receivables	141	-
Write off of other payables	(699)	-
Direct expenses incurred for generating rental income derived from investment properties	2,594	2,765
Minimum lease payments under operating leases recognised as an expense	140	260

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

7. PROFIT/(LOSS) BEFORE INCOME TAX (Continued)

(b) Discontinued operation

On 5 September 2014, the Group disposed of Mobell Technology Pte. Ltd. ("Mobell Technology") and its subsidiaries, which were principally engaged in development and sales of mobile handset, data products and related services. The revenue, results, cash flows and net assets of the discontinued operation for the period from 1 July 2014 to the date of disposal were as follows:

	For the period from 1 July 2014 to the date of disposal RMB'000
Revenue	1,356,382
Cost of sales	(1,313,665)
Gross profit	42,717
Other income	3,840
Distribution costs	(6,647)
Finance income	8,648
Administrative expenses	(36,292)
Finance costs	(150)
Other operating expenses	(425)
Profit before income tax expense	11,691
Income tax expense (Note 8)	(1,100)
	10,591
Gain on disposal of subsidiaries (Note 14)	25,730
Profit for the period from discontinued operation	36,321
Net cash generated from operating activities	151,316
Net cash generated from investing activities	70,615
Net cash used in financing activities	(445,150)
Net cash flows incurred by the discontinued operation	(223,219)

Cost of inventories recognised as an expense in discontinued operation includes an allowance of approximately RMB12,565,000 for year ended 30 June 2015 in respect of inventory write-down.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

8. INCOME TAX EXPENSE

Income tax expense in profit or loss represents:

	Group	
	2016	2015
	RMB'000	RMB'000
<u>Current tax</u>		
Continuing operation		
- Current year	-	-
Discontinued operation		
- Current year	-	416
- Over-provision in prior years	-	684
	-	1,100

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25% (2015: 25%).

In accordance with various approval documents issued by the State Tax Bureau and the Local Tax Bureau of China, Longcheer Technology (Shanghai) Co., Limited (a subsidiary disposed during year ended 30 June 2015), being subsidiary of Mobell Technology established as wholly foreign-owned enterprise ("WFOE") in China, is entitled to an exemption from China enterprise income tax for the first two profit-making calendar years of their operations and thereafter a 50% relief from the state corporate income tax of China for the next three calendar years (the "Tax Holiday").

Longcheer Electronics (Huizhou) Co., Limited (a subsidiary disposed during year ended 30 June 2015), which obtained the approval from relevant tax bureau, is qualified as High and New Technology Enterprise and is subject to a preferential tax rate of 15% for the calendar years from 1 January 2013 to 31 December 2015.

Sinolong Technology (Shanghai) Co., Limited (a subsidiary disposed during year ended 30 June 2015), which obtained the approval from relevant tax bureau, is qualified as High and New Technology Enterprise and is subject to a preferential tax rate of 15% for the calendar years from 1 January 2012 to 31 December 2014.

No income tax has been provided by the Company as the Company did not derive any assessable profits during the year (2015: RMB nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

8. INCOME TAX EXPENSE (Continued)

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

	Group	
	2016	2015
	RMB'000	RMB'000
Profit/(loss) before tax		
- Continuing operation	6,428	(4,996)
- Discontinued operation	-	37,421
Tax at the applicable rate of 25% (2015: 25%)	1,607	8,106
Tax effect of non-allowable items	1,858	5,531
Tax concession	-	(472)
Tax effect on non-taxable items	(3,763)	(8,328)
Tax effect on tax deduction on qualifying R&D expenses (note a)	-	(328)
Under-provision in prior years	-	684
Effects of different tax rates of local and overseas operations	(176)	(3,558)
Tax effect on unused tax losses not recognised	474	4,135
Tax effect of prior year's unrecognised tax losses utilised this year	-	(4,670)
Tax expense for the year	-	1,100

Notes:

- (a) In December 2008, the Chinese State Administration of Taxation issued a circular, Guoshuifa 2008 No.116 ("Circular 116") with retrospective effective date from 1 January 2008, to provide the implementation rules for the special deduction for research and development expenses ("R&D expenses") under the new enterprise income tax law.

The new enterprise income tax law and implementation rules that came into effect in 2008 provide for a special deduction for qualifying R&D expenses incurred by an enterprise for new technology, new products and new production techniques. R&D expenses charged to profit or loss in the prior year are 150% tax deductible allowance.

- (b) At the reporting date, the Group has deferred tax liabilities arising from fair value change on investment property amounting to approximately RMB7,575,000 (2015: RMB5,949,000) and they have been offset with the deferred tax assets up to the corresponding amount of deferred tax liabilities for the purpose of presentation in the consolidated statement of financial position. The Group has unrecognised tax losses of RMB3,706,000 (2015: RMB2,461,000) available for offsetting against future taxable profits of the Group's companies which incurred the losses. Under the current tax legislation, tax losses can be carried forward for five years since the year the loss is incurred. These unrecognised tax losses are losses of RMB3,706,000 (2015: RMB2,461,000) that will expire at various dates up to and including 2020 (2015: up to and including 2019). Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams.
- (c) Deferred tax liabilities of approximately RMB9,000 (2015: Nil) as at 30 June 2016 have not been recognised for withholding tax and other taxation that would be payable on the unremitted earnings of its subsidiaries of RMB94,000 (2015: accumulated losses of approximately RMB3,853,000) as the Group is in a position to control the dividend policies of the subsidiaries and it is probable that such amount will be permanently reinvested.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

Earnings are calculated as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Profit for the year attributable to the owners of the Company	6,428	31,325

From continuing operation

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

	Group	
	2016	2015
	RMB'000	RMB'000
Profit for the year from continuing and discontinued operations	6,428	31,325
Less:		
Profit for the year from discontinued operation	-	(36,321)
Profit/(loss) from continuing operation	6,428	(4,996)

The denominator used for both earnings/(loss) per share from continuing and discontinued operations and continuing operation only is the weighted average number of ordinary shares of in issue, after adjusting the effect of treasury shares held by the Company.

During the reporting period, 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 restated as though the share consolidation was effective from the beginning of the year ended 30 June 2015 to enable direct comparison. The weighted average number of ordinary shares for the year ended 30 June 2016 is 35,244,520 (2015: 35,244,520 restated)

The basic earnings (in cents) per ordinary share and number of shares in issue without consolidation as reported at 30 June 2015 was RMB 8.89 (RMB (1.42) from continuing and RMB 10.31 from discontinued operations) per ordinary share and 352,445,000 weighted average number of shares after adjusting the effect of treasury shares held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

9. EARNINGS PER SHARE (Continued)

From discontinued operation

Basic and diluted earnings per share from discontinued operation for the year ended 30 June 2015 is RMB103.06 cents per share based on the profit for the year from the discontinued operation and weighted average number of ordinary shares for the year as restated above.

Diluted earnings per share are the same as basic earnings per share for the years ended 30 June 2016 and 2015 since the Company did not have any dilutive potential ordinary shares outstanding during both years.

10. DIRECTORS' REMUNERATION

For the years ended 30 June 2016 and 2015, 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 2016

	Executive directors	Group 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

Year ended 30 June 2015

	Executive directors	Group Non-executive directors	Total
Below S\$250,000 (equivalent to approximately below RMB1,175,000)	2	4	6
S\$250,000 to below S\$500,000 (equivalent to approximately RMB1,175,000 to approximately RMB2,351,000)	-	-	-
Above S\$500,000 (equivalent to approximately above RMB2,351,000)	-	-	-
	2	4	6

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

11. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold building RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Office equipment and computers RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 July 2014						
Cost	71,679	2,671	23,387	34,537	6,030	138,304
Accumulated depreciation	(8,812)	(883)	(13,146)	(23,196)	(3,519)	(49,556)
Net book amount	62,867	1,788	10,241	11,341	2,511	88,748
Year ended 30 June 2015						
Opening net book amount	62,867	1,788	10,241	11,341	2,511	88,748
Additions	-	-	7,115	3,306	186	10,607
Disposal	-	-	-	(7)	(25)	(32)
Disposal of subsidiaries (Note 14)	(62,263)	(1,627)	(16,875)	(13,986)	(2,583)	(97,334)
Depreciation	(604)	(122)	(473)	(642)	(89)	(1,930)
Closing net book amount	-	39	8	12	-	59
At 30 June 2015 and 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						
Cost	-	176	81	120	-	377
Accumulated depreciation	-	(173)	(73)	(97)	-	(343)
Net book amount	-	3	8	23	-	34

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

12. LAND USE RIGHTS - GROUP

	2016 RMB'000	2015 RMB'000
At beginning of the year		
Cost	-	20,085
Accumulated amortisation	-	(1,762)
Net book amount	-	18,323
For the year ended		
Opening net book value	-	18,323
Amortisation	-	(67)
Disposal of subsidiaries (Note 14)	-	(18,256)
Net book amount	-	-
At end of the year		
Cost	-	-
Accumulated amortisation	-	-
Net book amount	-	-

The Group's land use rights represent up-front payments to acquire interest in the usage of land situated in China.

13. INTANGIBLE ASSETS - GROUP

	2016 RMB'000	2015 RMB'000
Software licence		
At beginning of the year		
Cost	-	6,720
Accumulated amortisation	-	(3,888)
Net book amount	-	2,832
For the year ended		
Opening net book value	-	2,832
Additions	-	52
Disposal of subsidiaries (Note 14)	-	(2,448)
Amortisation	-	(439)
Exchange realignment	-	3
Net book amount	-	-
At end of the year		
Cost	-	67
Accumulated amortisation	-	(67)
Net book amount	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

13. INTANGIBLE ASSETS - GROUP (Continued)

During the year ended 30 June 2015, amortisation of intangible assets of RMB5,000 had been included in administrative expenses from continuing operation.

During the year ended 30 June 2015, amortisation of intangible assets of RMB434,000 had been included in profit for the year from discontinued operation.

14. INTERESTS IN SUBSIDIARIES – COMPANY

	2016 RMB'000	2015 RMB'000
Unquoted equity shares, at cost	-*	-*
	-	-

*Denotes a figure less than RMB1,000

Details of the Company's subsidiaries at 30 June 2016 and 2015 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	
Longcheer International Pte. Ltd. ("Longcheer International")	Singapore	2 shares of USD1 each	100% (2015: 100%)	- (2015:-)	Investment holding
CMD Limited (note (i)(ii))	Malaysia	1 share of USD 1 each	- (2015: 100%)	- (2015:-)	Dormant
龙旗(西安)实业有限公司(Longcheer Industrial (Xi'an) Co., Limited)* (note (ii))	China	Registered capital of USD5,000,000	- (2015:-)	100% (2015: 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	- (2015:-)	100% (2015: 100%)	Property investment
Longcheer Technology (India) Pvt. Limited (note (ii))	India	2,500,000 shares of INR 10 each	- (2015:-)	100% (2015: 100%)	Value-added services
Longcheer Technology (Singapore) Pte. Ltd (note (ii))	Singapore	1,000,100 shares of SGD1 each	- (2015:-)	100% (2015: 100%)	Research and experimental development

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Notes:

- (i) CMD Limited was deregistered on 4 February 2016.
- (ii) As at 30 June 2016 and 2015, 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.

The following table listed out the information relating to disposal of subsidiaries.

As referred to in note 7(b), on 5 September 2014, the Group disposed of Mobell and its subsidiaries, which are principally engaged in development and sales of mobile handset, data products and related services which was one of the major components of the Group. The net assets of Mobell and its subsidiaries at the date of disposal were as follows:

	2015 RMB'000
Net assets disposed of:	
Property, plant and equipment	97,334
Land use rights	18,256
Intangible assets	2,448
Deposit paid	18,628
Available-for-sale financial assets	13,653
Investment properties	14,600
Cash and bank balances	85,102
Restricted balances in bank and pledged deposits	958,203
Trade, note and other receivables	743,781
Trade deposits paid to suppliers	737
Inventories	528,880
Trade and bill payables	(1,724,086)
Trade deposits received from customers and other payables	(410,176)
Bank borrowings	(77,951)
Income tax payable	(29,390)
	<u>240,019</u>
Consideration (note (a))	236,617
Less: Net assets disposed of	(240,019)
Release of translation reserve (note (b))	29,132
Gain on disposal of subsidiaries	<u>25,730</u>

Notes:

- (a) The consideration received included an amount of RMB3,383,000 which mainly comprised the transaction cost and additional directors' fee.
- (b) It represented the translation reserve arising from the subsidiaries disposed under other comprehensive income of RMB29,132,000.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

14. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Mobell was as follows:

	2015 RMB'000
Cash consideration	236,617
Bank balance and cash disposed of	(85,102)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	<u>151,515</u>

15. INTERESTS IN ASSOCIATES – GROUP

	2016 RMB'000	2015 RMB'000
Share of net assets	-	<u>83,797</u>

Details of the Group's significant associates at 30 June 2016 and 2015 are as follows:

Name of associate	Country of incorporation/ establishment/ Principle place of business	Particulars of registered capital	Held by subsidiary %	Group's effective interest %	Principal activities
Mentech Investment Limited ("Mentech")	Hong Kong	1,000,000 shares of HKD1 each	- (2015: 20%)	- (2015: 20%)	Investment holding
DBG Holdings Ltd.	Hong Kong	297,354,287 ordinary shares of HKD1 each	- (2015: -)	- (2015: 20%)	Trading of electronics products, provision of assembly services and investment holding
DBG Technology Co. Ltd. (previously known as Huizhou Daya Bay Guanghong Electronics Co. Ltd.)	China	Registered capital of USD30,000,000	- (2015: -)	- (2015: 20%)	Manufacturing and trading of electronic products
Hui Zhou Guanghong Industrial Co. Ltd. (previously known as Huizhou Zhonglian Electronics Co. Ltd.)	China	Registered capital of USD1,000,000	- (2015: -)	- (2015: 20%)	Manufacturing and trading of electronic products

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

15. INTERESTS IN ASSOCIATES – GROUP (Continued)

The primary business of Mentech and its subsidiary (“Mentech Group”) are those of manufacturing and trading of electronic products.

On 30 September 2015, Mentech bought back its shares from two of the shareholders, and the Group’s effective interest in Mentech increased from 20% to 21.89%. On 1 January 2016, a director of Mentech appointed by the Group had resigned, and thereafter the Group had no representation in the board of directors in Mentech. As a result, management is in the opinion that the Group had no further significant influence over Mentech, and the investment in Mentech was derecognised as associate on the same date at fair value and designated as an available-for-sale financial asset (Note 16). The above derecognition recognised a loss on disposal of approximately RMB1,978,000 included in “Other gains and losses”. For the year ended 30 June 2016, the Group has recognised its share of profit of approximately RMB10,077,000 for Mentech Group.

During the year ended 30 June 2015, the Group disposed its investments in Shanghai Tricheer. The above disposal recognised a gain on disposal of approximately RMB216,000 included in “Other gains and losses”.

The financial statements of the Group’s principal associates are reviewed by BDO Limited for group consolidation purpose.

Summarised financial information, adjusted to reflect adjustments made by the Group when using equity method, in relation to the material associates of the Group, Mentech Group are presented below:

	Mentech Group 2015 RMB'000
As at 30 June	
Current assets	457,778
Non-current assets	311,676
Current liabilities	(291,171)
Non-current liabilities	(65,869)
Net assets	412,414
Less: Non-controlling interests	158
Net assets attributable to shareholders of the associates	412,572
Reconciliation to the Group’s interest in the associate:	
Proportion of the Group’s ownership	20%
Group’s share of net assets of the associate	82,514
Other reconciliation items	1,283
Carrying amount of the investment	83,797
Year ended 30 June	
Revenue	781,037
Profit from operations	62,598
Other comprehensive income	-
Total comprehensive income	62,598
Dividends received from associates	7,364

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	2016 RMB'000	2015 RMB'000
Current assets:		
Equity securities in Hong Kong		
- Unlisted, at fair value (note a)	89,521	-
Investment funds in China		
- at fair value (note b)	-	10,000
	89,521	10,000

Notes:

- a) As detailed in note 15, on 1 January 2016, 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 RMB'000
At beginning of the year	-
Derecognition of an associate	87,664
Change in fair value	1,857
Carrying amount	89,521

The investment in Mentech is 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 Earnings 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%

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

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

Notes: (Continued)

a) (Continued)

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 disposal is subject to conditions including approval of shareholders of the Company at a special general meeting. The directors of the Purchaser are Dr. Du Junhong and Mr. Xu Wenjun, an unrelated third party.

Dr. Du Junhong is the chairman, executive director and substantial shareholder of the Company and he holds deemed interests of 46% in the Purchaser through various entities. In addition, Mr. Deng Hua, the chief executive officer, executive director and shareholder of the Company, holds deemed interests of 8.70% in the Purchaser through an entity.

- b) During the year ended 30 June 2015, the group acquired an investment fund for a total cash consideration of RMB10 million. The investment fund is a short term investment with an estimated rate of return of 7.2% and it will be expired in one year. The investment fund was disposed at approximately RMB10,712,000 in May 2016, and recognised a gain on disposal of approximately RMB712,000 included in “Other gains and losses” (Note 5).

The investment was designated as an available-for-sales financial asset and has no quoted price in an active market.

In the opinion of the management, the fair value of the investment fund approximated to its cost as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

17. INVESTMENT PROPERTY – GROUP

	RMB'000
At 1 July 2014	144,600
Disposal of subsidiaries (Note 14)	(14,600)
Fair value change recognised in property revaluation reserve	(6,775)
Fair value change recognised in profit or loss	(13,225)
At 30 June 2015 and 30 June 2016	110,000

Investment property, which is held under leasehold interest, represents 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 (2015: 2057).

The investment property held by the Group as at 30 June 2016 and 2015 is as follow:

Name of property	Description	Fair value	
		2016 RMB'000	2015 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 meters.	110,000	110,000

Investment property was revalued on 30 June 2016 by APAC Asset Valuation and Consulting Limited (2015: Same), an independent firm of professional valuer.

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.

	2016 RMB'000	2015 RMB'000
Opening balance (level 3 recurring fair value)	110,000	144,600
Disposal of subsidiaries (Note 14)	-	(14,600)
Fair value change recognised in property valuation reserve	-	(6,775)
Fair value change recognised in profit or loss	-	(13,225)
Closing balance (level 3 recurring fair value)	110,000	110,000

Fair value for the years ended 30 June 2016 and 2015 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 TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

17. INVESTMENT PROPERTY – GROUP (Continued)

Notes:

a) Income approach

Fair value is determined by applying the income approach took into account the future net earnings that the investment properties will generate after taking into account of operating expenses but 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 properties.

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

	2016	2015
Significant unobservable inputs	Range	
Market monthly rental rate taking into account of individual factors such as size, scale, nature, character, location, etc (RMB/sq. meter)	65 to 70	55 to 75
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.

b) Direct comparison approach

Fair value is determined by reference to comparable sales transactions as available in the markets, where comparison is made based on prices realised and/or asking prices of comparable properties.

	2016	2015
Significant unobservable inputs	Range	
Market unit sale rate taking into account of individual factors such as size, scale, nature, character, location, etc (RMB/sq. meter)	6,675 to 8,075	6,800 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 properties.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

18. CASH AND DEPOSIT BALANCES

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Cash and bank balances	51,797	39,505	25,465	29,337
Cash and cash equivalents	51,797	39,505	25,465	29,337
Fixed bank deposits with an original maturity of more than three months	-	432	-	-
Cash and deposit balances	51,797	39,937	25,465	29,337

The carrying amounts of these cash and deposit balances approximate their fair values. These bank balances bear interest rates at a range of 0.0% to 0.3% (2015: 0.35% to 7%) per annum.

Fixed bank deposits with an original maturity of more than three months will be expired within twelve months after year ended 30 June 2015. The carrying amount of the asset approximates its fair value. Such fixed bank deposits bear interest rates at 4.8% to 7% per annum for year ended 30 June 2015.

As at 30 June 2016, certain companies of the Group, which are located in China had cash and deposit balances denominated in RMB amounting to approximately RMB4,551,000 (2015: RMB1,782,000), which are deposited with financial institutions in China, and not freely convertible into foreign currencies.

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

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Singapore dollar	725	28,873	722	28,863

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Investment funds				
- at fair value	18,800	7,500	-	-
	18,800	7,500	-	-

The above financial assets are classified as held for trading. Fair values for these instruments have been measured as described in note 31(vi)(b).

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

20. TRADE RECEIVABLES – GROUP

	2016 RMB'000	2015 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:

	2016 RMB'000	2015 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 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.

21. OTHER RECEIVABLES

	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Other receivables	716	812	100	-
	716	812	100	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

21. OTHER RECEIVABLES (Continued)

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

	Group		Company	
	2016	2015	2016	2015
	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 141,000 (2015: Nil) recognised during the year ended 30 June 2016 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	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	716	624	100	-
Past due:				
Not more than 3 months past due	-	50	-	-
More than 3 months but not more than 6 months	-	-	-	-
More than 6 months but not more than 1 year	-	-	-	-
More than 1 year	-	138	-	-
	-	188	-	-
	716	812	100	-

The 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.

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

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	100	-	100	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

The balances with subsidiaries classified under current assets/liabilities are unsecured, interest-free, repayable on demand and to be settled in cash.

As at the end of the reporting period, the balance with subsidiaries are denominated in USD.

23. OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Accruals	289	1,092	226	1,064
Other payables – purchases of property, plant and equipment and additions to investment properties	10,862	10,862	-	-
Other payables – others (note)	9,660	5,072	804	1,028
	20,811	17,026	1,030	2,092

Note:

During the current year, 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 16).

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

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	804	214	489	214

24. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

24. SHARE-BASED PAYMENTS (Continued)

(a) Share option scheme (Continued)

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.

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").

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24. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

24. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

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. Equity-settled share-based payment expenses/(reversal) recognised in profit or loss for the year ended 30 June 2016 and 2015 are as follows:

	2016 RMB'000	2015 RMB'000
Reversal for the forfeited Awards due to failure of non-market vesting condition during the vesting period	-	(888)
Credited to profit or loss	-	(888)

No Awards were granted during the year ended 30 June 2016.

Awards forfeited during the year ended 30 June 2015 are as follows:

Year ended 30 June 2015

Name or category of participant	Date of grant	Balance b/f	Awards granted during the financial year	Awards forfeited during the financial year	Awards released during the financial year	Awards not yet released as at end of financial year
<i>Executive directors</i>						
Dr. Du Junhong	4/2/2013	140,000	-	(140,000)	-	-
Mr. Deng Hua	4/2/2013	1,400,000	-	(1,400,000)	-	-
Sub-total		1,540,000	-	(1,540,000)	-	-
<i>Non-executive directors</i>						
Mr. Tao Qiang	4/2/2013	10,500	-	(10,500)	-	-
Dr. Ow Chin Hock	4/2/2013	35,000	-	(35,000)	-	-
Mr. David Hwang Soo Chin	4/2/2013	35,000	-	(35,000)	-	-
Mr. See Yen Tarn	4/2/2013	35,000	-	(35,000)	-	-
Sub-total		115,500	-	(115,500)	-	-
Employees in aggregate	4/2/2013	875,000	-	(875,000)	-	-
Total		2,530,500	-	(2,530,500)	-	-

Note:

On 10 November 2014, the board of directors of the Company announced that the shares under the remaining Awards which vested on 4 February 2015 and due to be vested on 4 February 2016 will no longer be issued and/or transferred to Participants.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

25. SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares of		Nominal amount	
	USD0.2 each	USD0.02 each		
Authorised	250,000,000	2,500,000,000	USD50,000,000	USD50,000,000
Issued and paid up at end of year	39,666,395	396,664,100	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.

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.

26. TREASURY SHARES

	Group and Company			
	2016		2015	
	Number of shares	Cost of acquisition RMB'000	Number of shares	Cost of acquisition RMB'000
Balance brought forward	44,218,750	90,042	44,218,750	90,042
Effect of share consolidation (Note 25)	(39,796,875)	-	-	-
Balance carried forward	4,421,875	90,042	44,218,750	90,042

The Company acquired its own shares in the open market which are held as treasury shares, a portion of which was used to satisfy the equity-settled share-based payments granted under the Plan (Note 24(b)).

27. 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.

Capital reserve

Capital reserve mainly arose from a restructuring exercise carried out in the year 2004 and representing the excess of fair value of the net assets acquired over cost of investment and changes in capital structure of subsidiaries during the years ended 30 June 2006 and 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

27. RESERVES (Continued)

Legal reserve

Legal reserve relates to reserve fund appropriations. In accordance with the relevant China regulations, certain subsidiaries of the Group, being companies established in China, are required to appropriate not less than 10% of their profits after tax to a reserve fund, until the balance in the reserve fund reaches 50% of their registered capital. Subject to certain restrictions as set out in the relevant China regulations, these legal reserves may be used to offset accumulated losses, if any or fund further capital increases.

Share award reserve

The share award reserve represents the fair value of share awards granted which are yet to be released. The amount will be offset against the treasury shares released and the difference will be transferred to retained earnings.

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 the Group's presentation currency.

Property revaluation reserve

The property revaluation reserve represents the revaluation surplus arising from the transfer of owner-occupied properties to investment properties at the date of change in use.

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.

28. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

- (i) Loss on disposal of an associate of RMB1,978,000 was charged to profit or loss during the year ended 30 June 2016.
- (ii) Equity-settled share-based payment expenses of RMB888,000 were credited to profit or loss during the year ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

29. COMMITMENTS

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

(i) Capital commitment

The Company and the Group did not have any significant capital commitment as at 30 June 2016 and 30 June 2015.

(ii) Commitments under operating leases

As lessee

The Group leases an office property under operating lease arrangement. Lease for office property is typically negotiated for term of two years (2015: 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 RMB13,000 (2015: RMB13,000) approximately per month. None of the above lease includes contingent rental.

	Group	
	2016	2015
	RMB'000	RMB'000
Within one year	13	152
In the second to fifth year inclusive	-	13
	13	165

The Company did not have any significant commitments as at 30 June 2016 (2015: Nil).

As lessor

The Group leases its investment property under operating lease arrangements for terms ranging from one to five years (2015: 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	
	2016	2015
	RMB'000	RMB'000
Within one year	8,560	8,206
In the second to fifth year inclusive	11,995	14,998
	20,555	23,204

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

30. 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 2016 amounted to approximately RMB250,330,000 (2015: RMB235,079,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

Other than the requirement to maintain a legal reserve as disclosed in note 27 by the Group, the Group and the Company are not subject to any externally imposed material capital requirements for the financial years ended 30 June 2016 and 2015.

31. 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 Singapore dollar ("SGD"), USD and RMB. Certain other receivables, other payables and cash and deposit balances of the Group are denominated in SGD, which is not the functional currency of the Group entities, and the Group is therefore exposed to foreign currency risk. To the extent possible, exposure to foreign exchange risks is managed 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:

	2016	2015
	SGD	SGD
	RMB'000	RMB'000
Monetary assets	825	28,873
Monetary liabilities	(804)	(214)
	21	28,659

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

31. 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 currency SGD. An 8% (2015: 5%) (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.

	2016			2015		
	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%	6	6	5%	1,433	1,433

As the Company does not have exposure to 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 18) 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 2016 and 2015, none of the Group's financial assets is secured by collateral.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

31. 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 PRC, Singapore and India, including an aggregate bank balance of approximately RMB45,816,000 (2015: RMB36,689,000) 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

	2016			
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Total RMB'000
Accruals	289	-	-	289
Other payables	20,085	-	-	20,085
	20,374	-	-	20,374

	2015			
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Total RMB'000
Accruals	1,092	-	-	1,092
Other payables	14,956	-	-	14,956
	16,048	-	-	16,048

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

31. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Company

	2016			Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	
Accruals	226	-	-	226
Other payables	804	-	-	804
	1,030	-	-	1,030

	2015			Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	
Accruals	1,064	-	-	1,064
Other payables	1,028	-	-	1,028
Amounts due to subsidiaries	8,253	-	-	8,253
	10,345	-	-	10,345

(v) Equity price risk

The Group is exposed to equity price canes arising from its investment funds classified as financial assets at fair value through profit or loss. As the maturities of those investment funds are relatively short, the Group does not have significant equity price exposure. As such, equity price sensitivity analysis is not deemed necessary.

(vi) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

31. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

- (vi) 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:

	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

	2015			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Available-for-sale financial assets				
- Unlisted (note c)	-	-	10,000	10,000
Financial assets at fair value through profit or loss				
- Unlisted (note b)	-	7,500	-	7,500
At fair value	-	7,500	10,000	17,500

There has been no transfers between of the fair value measurement hierarchies 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 and 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

31. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

(c) The investment funds are denominated in RMB. The fair value of the investment funds was considered level 3 recurring fair value measurement. From the best knowledge of the management, the fair value of the investment funds approximates to its cost.

(vii) 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	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Available-for-sale financial assets				
- At fair value	89,521	10,000	-	-
Financial assets at fair value through profit or loss				
- At fair value	18,800	7,500	-	-
Loan and receivables at amortised cost				
- Amounts due from subsidiaries	-	-	168,881	155,654
- Trade receivables	273	-	-	-
- Other receivables	716	812	100	-
	989	812	168,981	155,654
Cash and deposit balances	51,797	39,937	25,465	29,337
	161,107	58,249	194,446	184,991

Financial liabilities	Group		Company	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Financial liabilities measured at amortised cost				
- Accruals	289	1,092	226	1,064
- Other payables	20,085	14,956	804	1,028
- Amounts due to subsidiaries	-	-	-	8,253
	20,374	16,048	1,030	10,345

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

32. 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:

	Notes	2016 RMB'000	2015 RMB'000
Sales of goods to associates	(a)	-	27,821
Services rendered by an associate	(b)	-	670
Rental service to an associate	(c)	-	510

(a) Sales of goods were made to associates with reference to the terms negotiated between the relevant parties.

(b) Services were rendered by an associate with reference to the terms negotiated between the relevant parties.

(c) During the year ended 30 June 2015, an associate and the Group entered into an agreement of premises rental of RMB102,000 per month.

Compensation of directors and key management personnel

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

	Group	
	2016 RMB'000	2015 RMB'000
Short-term benefits	2,510	3,423
Post-employment benefits	83	21
	2,593	3,444

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

33. EVENTS AFTER THE REPORTING DATE

- (a) On 26 September 2016, the Company had passed a resolution at the Special General Meeting (“SGM”) to change the name of the Company from Longcheer Holdings Limited to LCT Holdings Limited.
- (b) On 26 September 2016, resolutions relating to the proposed disposal of 21.89% of issued and paid-up share capital of Mentech Investment Limited, for a consideration of USD13,369,000 (“Proposed Disposal”), and proposed special one-tier tax-exempt dividend of USD18,200,000 (“Proposed Special Dividends”) were passed at the SGM. The Proposed Disposal was completed on 27 September 2016 with the final payment of USD12,700,500 (approximately equivalent to RMB83,567,000) representing 95% of the consideration received from the purchaser, Longcheer Telecommunication (H.K.) Limited, a wholly-owned subsidiary of Shanghai Longcheer Technology Co. Ltd.

34. 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 30 September 2016.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2016

No. of authorised 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	0.93	663	0.00
1,00 - 1,000	1,032	47.76	680,969	1.93
1,000 - 10,000	963	44.56	3,424,684	9.72
10,001 - 1,000,000	141	6.52	6,825,660	19.37
1,000,001 and above	5	0.23	24,312,544	68.98
TOTAL :	2,161	100.00	35,244,520	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	13,151,104	37.31
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,379,800	15.26
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,691,037	7.64
4	CITIBANK NOMINEES SINGAPORE PTE LTD	1,592,232	4.52
5	OCBC SECURITIES PRIVATE LIMITED	1,498,371	4.25
6	LONGPARTNER INVESTMENT LIMITED	938,072	2.66
7	NG HIAN CHOW	882,000	2.50
8	TANG JIPING	528,859	1.50
9	HONG LEONG FINANCE NOMINEES PTE LTD	412,900	1.17
10	DBSN SERVICES PTE. LTD.	240,750	0.68
11	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	221,400	0.63
12	TAN YONG CHIANG OR TAN HUI LIANG	158,700	0.45
13	CHONG CHIE SENG @PETER CHONG	93,500	0.27
14	KWAN WAI LOEN	87,000	0.25
15	PHUAY YONG HEN	80,600	0.23
16	CHUA BUAN LING ALICIA	77,600	0.22
17	TAN TONG LEONG	71,270	0.20
18	LING HUA EE	70,000	0.20
19	LIM CHOON THYE	68,500	0.19
20	VIJEYACONE ARIYACONE @VIJEYARETNAM	67,300	0.19
TOTAL		28,310,995	80.32

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 22 September 2016, 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 22 September 2016

(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 Electronic 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 Shenton Room, Lower Level, M Hotel, 81 Anson Road, Singapore 079908, on Friday, 28 October 2016 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 2016 together with the Independent Joint Auditors’ Report thereon.

(Resolution 1)

2. To re-elect the following Directors retiring pursuant to Bye-law 86(1) of the Company’s Bye-laws:

Mr. David Hwang Soo Chin

(Resolution 2)

Mr. See Yen Tarn

(Resolution 3)

Mr. Hwang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee and the Chairman of the Nominating Committee.

Mr. See will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee.

3. To approve the payment of Directors’ fees of S\$188,000 for the financial year ending 30 June 2017, to be paid quarterly in arrears (2016: S\$188,000).

(Resolution 4)

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 5)

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

(a) That, authority be and is hereby given to the Directors of the Company at any time to:

- (i) issue shares in the capital of 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) warrants, debentures or other instruments convertible into Shares; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; 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 the authority under this Resolution was in force,

provided always that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's issued share capital (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) 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) does not exceed 20% of the issued share capital (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (ii) below),
- (ii) 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-paragraph (i) above, the percentage of issued share capital (excluding treasury shares) shall be based on the issued share capital (excluding treasury shares) 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; or
 - (b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares, and
- (iii) 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 for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force 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 6)

By Order of the Board

Claudia Teo
Company Secretary

Singapore, 13 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note to Resolution to be passed –

- (i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in General Meeting, whichever is the earlier, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities that the Directors may allot and issue under this resolution would not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution. For issue of Shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of this resolution, the percentage of issued share capital (excluding treasury shares) is based on the Company's issued share capital (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, 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.

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 26 October 2016.

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).

NOTICE OF ANNUAL GENERAL MEETING

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.

LCT

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