

**LCT HOLDINGS LIMITED**

*Incorporated in Bermuda*  
*Company Registration No. 35673*

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS FULL YEAR RESULTS**

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

Group Income Statement for the year ended 30 June 2020. These figures have not been audited.

|                                             | <-----The Group----->    |                          |             |
|---------------------------------------------|--------------------------|--------------------------|-------------|
|                                             | FY2020                   | FY2019                   |             |
|                                             | 1 Jul 19 to<br>30 Jun 20 | 1 Jul 18 to<br>30 Jun 19 | +/(-)<br>%  |
|                                             | RMB'000                  | RMB'000                  |             |
| <b>Revenue</b>                              | <b>20,644</b>            | <b>12,777</b>            | <b>62</b>   |
| <b>Rental revenue of Xi'an</b>              | <b>12,798</b>            | <b>12,777</b>            | -           |
| <b>Service revenue of Shanghai</b>          | <b>7,846</b>             | -                        | -           |
| Cost of sales                               | (2,703)                  | (2,655)                  | 2           |
| <b>Gross profit</b>                         | <b>17,941</b>            | <b>10,122</b>            | <b>77</b>   |
| Other gains                                 | 5,175                    | 8,752                    | (41)        |
| Administrative expenses                     | (17,138)                 | (8,483)                  | 102         |
| Finance costs                               | (1,021)                  | -                        | -           |
| <b>Profit before income tax</b>             | <b>4,957</b>             | <b>10,391</b>            | <b>(52)</b> |
| Income tax expense                          | (2,980)                  | (3,810)                  | (22)        |
| <b>Profit for the year</b>                  | <b>1,977</b>             | <b>6,581</b>             | <b>(70)</b> |
| <b>Profit for the year attributable to:</b> |                          |                          |             |
| Owners of the Company                       | 1,527                    | 6,581                    | (77)        |
| Non-controlling interests                   | 450                      | -                        | -           |
|                                             | <b>1,977</b>             | <b>6,581</b>             | <b>(70)</b> |

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## **Statement of Comprehensive Income**

|                                                                             | <-----The Group-----> |                |              |
|-----------------------------------------------------------------------------|-----------------------|----------------|--------------|
|                                                                             | <b>FY2020</b>         | <b>FY2019</b>  |              |
|                                                                             | 1 Jul 19 to           | 1 Jul 18 to    |              |
|                                                                             | 30 Jun 20             | 30 Jun 19      | <b>+/(-)</b> |
|                                                                             | <b>RMB'000</b>        | <b>RMB'000</b> | <b>%</b>     |
| <b>Profit for the year</b>                                                  | <b>1,977</b>          | <b>6,581</b>   | <b>(70)</b>  |
| <b>Other comprehensive income, net of tax</b>                               |                       |                |              |
| <b>Items that may be reclassified subsequently to profit or loss</b>        |                       |                |              |
| Currency translation                                                        |                       |                |              |
| - Group                                                                     | 1,860                 | 989            | 88           |
| <b>Other comprehensive income for the year, net of tax amounting to nil</b> | <b>1,860</b>          | <b>989</b>     | <b>88</b>    |
| <b>Total comprehensive income for the year</b>                              | <b>3,837</b>          | <b>7,570</b>   | <b>(49)</b>  |
| <b>Total comprehensive income attributable to:</b>                          |                       |                |              |
| - Owners of the Company                                                     | 3,387                 | 7,570          | (55)         |
| - Non controlling interests                                                 | 450                   | -              | -            |
|                                                                             | <b>3,837</b>          | <b>7,570</b>   | <b>(49)</b>  |

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### **Notes:**

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

|                                                                                                | <-----The Group-----> |                |               |
|------------------------------------------------------------------------------------------------|-----------------------|----------------|---------------|
|                                                                                                | <b>FY2020</b>         | <b>FY2019</b>  |               |
|                                                                                                | 1 Jul 19 to           | 1 Jul 18 to    |               |
|                                                                                                | 30 Jun 20             | 30 Jun 19      | <b>+/( -)</b> |
|                                                                                                | <b>RMB'000</b>        | <b>RMB'000</b> | <b>%</b>      |
| (a) Bank interest income <sup>*</sup>                                                          | 338                   | 195            | 73            |
| (b) Loan interest income <sup>*</sup>                                                          | -                     | 260            | -             |
| (c) Net fair value gain for financial assets at fair value through profit or loss <sup>*</sup> | 180                   | 88             | 105           |
| (d) Interest expenses                                                                          | (1,021)               | -              | -             |
| (e) Depreciation of property, plant and equipment                                              | (283)                 | (156)          | 81            |
| (f) Loss on disposal of property, plant and equipment <sup>*</sup>                             | -                     | (2)            | -             |
| (g) Non operating income <sup>*</sup>                                                          | 657                   | -              | -             |
| (h) Exchange difference, net <sup>*</sup>                                                      | (242)                 | 192            | (226)         |
| (i) Net fair value gain for investment property <sup>*</sup>                                   | 4,000                 | 8,000          | (50)          |

\*Included in other gains.

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

## Statements of Financial Position

|                                                       | <----- Group-----> |                    | <----- Company-----> |                    |
|-------------------------------------------------------|--------------------|--------------------|----------------------|--------------------|
|                                                       | As at<br>30 Jun 20 | As at<br>30 Jun 19 | As at<br>30 Jun 20   | As at<br>30 Jun 19 |
|                                                       | RMB'000            | RMB'000            | RMB'000              | RMB'000            |
| <b>ASSETS AND LIABILITIES</b>                         |                    |                    |                      |                    |
| <b>Non-current assets</b>                             |                    |                    |                      |                    |
| Property, plant and equipment                         | 581                | 653                | -                    | -                  |
| Investment property                                   | 132,000            | 128,000            | -                    | -                  |
| Intangible assets                                     | 467                | 700                | -                    | -                  |
| Goodwill                                              | 1,388              | 1,388              | -                    | -                  |
| Bank deposits                                         | 47,433             | -                  | -                    | -                  |
| Interests in subsidiaries                             | -                  | -                  | 126,867              | 128,183            |
|                                                       | <b>181,869</b>     | <b>130,741</b>     | <b>126,867</b>       | <b>128,183</b>     |
| <b>Current assets</b>                                 |                    |                    |                      |                    |
| Cash and bank balances                                | 45,229             | 51,662             | 714                  | 332                |
| Financial assets at fair value through profit or loss | 200                | 2,950              | -                    | -                  |
| Trade receivables                                     | 1,587              | -                  | -                    | -                  |
| Other receivables                                     | 394                | 552                | 68                   | 37                 |
|                                                       | <b>47,410</b>      | <b>55,164</b>      | <b>782</b>           | <b>369</b>         |
| <b>Current liabilities</b>                            |                    |                    |                      |                    |
| Trade and other payable                               | 18,452             | 20,771             | 1,237                | 1,195              |
| Income tax payables                                   | 159                | -                  | -                    | -                  |
| Lease liabilities                                     | 7                  | -                  | -                    | -                  |
| Bank borrowing                                        | 4,000              | -                  | -                    | -                  |
|                                                       | <b>22,618</b>      | <b>20,771</b>      | <b>1,237</b>         | <b>1,195</b>       |
| <b>Net current assets/(liabilities)</b>               | <b>24,792</b>      | <b>34,393</b>      | <b>(455)</b>         | <b>(826)</b>       |
| <b>Non-current liabilities</b>                        |                    |                    |                      |                    |
| Bank borrowing                                        | 35,500             | -                  | -                    | -                  |
| Deferred tax liabilities                              | 17,988             | 15,798             | -                    | -                  |
|                                                       | <b>53,488</b>      | <b>15,798</b>      | <b>-</b>             | <b>-</b>           |
| <b>Net assets</b>                                     | <b>153,173</b>     | <b>149,336</b>     | <b>126,412</b>       | <b>127,357</b>     |
| <b>EQUITY</b>                                         |                    |                    |                      |                    |
| Share capital                                         | 65,608             | 65,608             | 65,608               | 65,608             |
| Treasury shares                                       | (90,042)           | (90,042)           | (90,042)             | (90,042)           |
| Reserves                                              | 176,704            | 173,317            | 150,846              | 151,791            |
| Equity attributable to owners of the Company          | <b>152,270</b>     | <b>148,883</b>     | <b>126,412</b>       | <b>127,357</b>     |
| Non controlling interest                              | 903                | 453                | -                    | -                  |
| <b>Total equity</b>                                   | <b>153,173</b>     | <b>149,336</b>     | <b>126,412</b>       | <b>127,357</b>     |

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

There was bank borrowing of RMB nil and RMB 39.5 million of the Group as at 30 June 2019 and 30 June 2020 respectively. The borrowing is pledged by the Group's bank deposits of RMB47.3 million and personal guarantee from Mr. Du Junqi, the executive director of the Company.

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

**Statement of cash flows for year ended 30 June 2020**

|                                                                               | <-----The Group----->                         |                                               |
|-------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
|                                                                               | FY2020<br>1 Jul 19 to<br>30 Jun 20<br>RMB'000 | FY2019<br>1 Jul 18 to<br>30 Jun 19<br>RMB'000 |
| <b>Cash flow from operating activities</b>                                    |                                               |                                               |
| Profit before income tax                                                      | 4,957                                         | 10,391                                        |
| Adjustments for:                                                              |                                               |                                               |
| Bank interest income                                                          | (338)                                         | (195)                                         |
| Loan interest income                                                          | -                                             | (260)                                         |
| Net fair value gain for financial assets at fair value through profit or loss | (180)                                         | (88)                                          |
| Interest expense                                                              | 1,021                                         | -                                             |
| Depreciation of property, plant and equipment                                 | 283                                           | 156                                           |
| Amortisation of intangible assets                                             | 233                                           | -                                             |
| Loss on disposal of property, plant and equipment                             | -                                             | 2                                             |
| Fair value gain on investment property                                        | (4,000)                                       | (8,000)                                       |
| Exchange difference, net                                                      | 242                                           | (192)                                         |
| <b>Operating cash flows before movements in working capital</b>               | <b>2,218</b>                                  | <b>1,814</b>                                  |
| Trade receivables                                                             | (1,587)                                       | -                                             |
| Other receivables                                                             | 158                                           | 40                                            |
| Trade payables                                                                | (704)                                         | -                                             |
| Other payables and trade deposits received from customers                     | (1,615)                                       | 504                                           |
| <b>Cash (used in)/generated from operations</b>                               | <b>(1,530)</b>                                | <b>2,358</b>                                  |
| Income tax paid                                                               | (631)                                         | -                                             |
| <b>Net cash (used in)/generated from operating activities</b>                 | <b>(2,161)</b>                                | <b>2,358</b>                                  |

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|                                                                                      | <-----The Group-----> |                |
|--------------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                      | <b>FY2020</b>         | <b>FY2019</b>  |
|                                                                                      | 1 Jul 19 to           | 1 Jul 18 to    |
|                                                                                      | 30 Jun 20             | 30 Jun 19      |
|                                                                                      | <b>RMB'000</b>        | <b>RMB'000</b> |
| <b>Cash flow from investing activities</b>                                           |                       |                |
| Bank interest income                                                                 | 338                   | 195            |
| Loan interest income                                                                 | -                     | 260            |
| Interest received from financial assets at fair value through profit or loss         | 180                   | 88             |
| Purchase of property, plant and equipment                                            | (127)                 | (97)           |
| Proceeds from disposal of financial assets at fair value, net through profit or loss | 76,650                | 4,100          |
| Acquisition of financial assets of fair value through profit or loss                 | (73,900)              | (4,100)        |
| Acquisition of a subsidiary, net of cash acquired                                    | -                     | (310)          |
| <b>Net cash generated from investing activities</b>                                  | <b>3,141</b>          | <b>136</b>     |
| <b>Cash flow from financing activities</b>                                           |                       |                |
| Borrowing from bank                                                                  | 41,500                | -              |
| Placement of bank deposits                                                           | (46,741)              | -              |
| Repayment of bank borrowing                                                          | (2,000)               | -              |
| Payment of loan interest                                                             | (1,020)               | -              |
| Interest element of lease rentals paid                                               | (1)                   | -              |
| Repayment of lease liabilities                                                       | (77)                  | -              |
| <b>Net cash used in financing activities</b>                                         | <b>(8,339)</b>        | <b>-</b>       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                          | <b>(7,359)</b>        | <b>2,494</b>   |
| Cash and cash equivalents at the beginning of the financial year                     | 51,662                | 47,744         |
| Effect of foreign exchange rate changes, net                                         | 926                   | 1,424          |
| <b>Cash and cash equivalents at the end of the financial year</b>                    | <b>45,229</b>         | <b>51,662</b>  |
| <b>Analysis of cash and cash equivalents</b>                                         |                       |                |
| <b>Cash and bank balance</b>                                                         | <b>45,229</b>         | <b>51,662</b>  |

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**Note:**

Reconciliation of liabilities arising from financing activities:

|                   | 1 July 2019 | Financing cash<br>flow | Other changes<br>Interest<br>expenses | 30 June 2020 |
|-------------------|-------------|------------------------|---------------------------------------|--------------|
|                   | RMB'000     | RMB'000                | RMB'000                               | RMB'000      |
| Bank borrowing    | -           | 38,480                 | 1,020                                 | 39,500       |
| Lease liabilities | 84          | (78)                   | 1                                     | 7            |
|                   | 84          | 38,402                 | 1,021                                 | 39,507       |

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

**Statement of Changes in Equity for the Group**

|                                                    | Attributable to owners of the Company |                    |                  |                        |                      |                |            | Non<br>controlling<br>interests | Total<br>Equity |
|----------------------------------------------------|---------------------------------------|--------------------|------------------|------------------------|----------------------|----------------|------------|---------------------------------|-----------------|
|                                                    | Share<br>Capital                      | Treasury<br>Shares | Share<br>Premium | Translation<br>Reserve | Retained<br>Earnings | Total          |            |                                 |                 |
|                                                    | RMB'000                               | RMB'000            | RMB'000          | RMB'000                | RMB'000              | RMB'000        | RMB'000    | RMB'000                         | RMB'000         |
| <b>Balance at 1 July 2019</b>                      | <b>65,608</b>                         | <b>(90,042)</b>    | <b>138,818</b>   | <b>(61,415)</b>        | <b>95,914</b>        | <b>148,883</b> | <b>453</b> | <b>149,336</b>                  |                 |
| Profit for the year                                | -                                     | -                  | -                | -                      | 1,527                | 1,527          | 450        | 1,977                           |                 |
| <b>Other comprehensive<br/>income</b>              |                                       |                    |                  |                        |                      |                |            |                                 |                 |
| - Currency translation                             | -                                     | -                  | -                | 1,860                  | -                    | 1,860          | -          | 1,860                           |                 |
| <b>Total comprehensive<br/>income for the year</b> | <b>-</b>                              | <b>-</b>           | <b>-</b>         | <b>1,860</b>           | <b>1,527</b>         | <b>3,387</b>   | <b>450</b> | <b>3,837</b>                    |                 |
| <b>Balance at 30 June 2020</b>                     | <b>65,608</b>                         | <b>(90,042)</b>    | <b>138,818</b>   | <b>(59,555)</b>        | <b>97,441</b>        | <b>152,270</b> | <b>903</b> | <b>153,173</b>                  |                 |
| <b>Balance at 1 July 2018</b>                      | <b>65,608</b>                         | <b>(90,042)</b>    | <b>138,818</b>   | <b>(62,404)</b>        | <b>89,333</b>        | <b>141,313</b> | <b>-</b>   | <b>141,313</b>                  |                 |
| Profit for the year                                | -                                     | -                  | -                | -                      | 6,581                | 6,581          | -          | 6,581                           |                 |
| <b>Other comprehensive<br/>income</b>              |                                       |                    |                  |                        |                      |                |            |                                 |                 |
| - Currency translation                             | -                                     | -                  | -                | 989                    | -                    | 989            | -          | 989                             |                 |
| <b>Total comprehensive<br/>income for the year</b> | <b>-</b>                              | <b>-</b>           | <b>-</b>         | <b>989</b>             | <b>6,581</b>         | <b>7,570</b>   | <b>-</b>   | <b>7,570</b>                    |                 |
| Acquisition of a subsidiary                        | -                                     | -                  | -                | -                      | -                    | -              | 453        | 453                             |                 |
| <b>Balance at 30 June 2019</b>                     | <b>65,608</b>                         | <b>(90,042)</b>    | <b>138,818</b>   | <b>(61,415)</b>        | <b>95,914</b>        | <b>148,883</b> | <b>453</b> | <b>149,336</b>                  |                 |

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**Statement of Changes in Equity for the Company**

| <b>Company</b>                                     | <b>Share<br/>Capital</b> | <b>Treasury<br/>Shares</b> | <b>Share<br/>Premium</b> | <b>Translation<br/>Reserve</b> | <b>Retained<br/>Earnings</b> | <b>Total</b>   |
|----------------------------------------------------|--------------------------|----------------------------|--------------------------|--------------------------------|------------------------------|----------------|
|                                                    | <b>RMB'000</b>           | <b>RMB'000</b>             | <b>RMB'000</b>           | <b>RMB'000</b>                 | <b>RMB'000</b>               | <b>RMB'000</b> |
| <b>Balance at 1 July 2019</b>                      | <b>65,608</b>            | <b>(90,042)</b>            | <b>138,818</b>           | <b>(64,781)</b>                | <b>77,754</b>                | <b>127,357</b> |
| Loss for the year                                  | -                        | -                          | -                        | -                              | (4,692)                      | (4,692)        |
| <b>Other comprehensive<br/>Income</b>              |                          |                            |                          |                                |                              |                |
| - Currency translation                             | -                        | -                          | -                        | 3,747                          | -                            | 3,747          |
| <b>Total comprehensive<br/>income for the year</b> | <b>-</b>                 | <b>-</b>                   | <b>-</b>                 | <b>3,747</b>                   | <b>(4,692)</b>               | <b>(945)</b>   |
| <b>Balance at 30 June 2020</b>                     | <b>65,608</b>            | <b>(90,042)</b>            | <b>138,818</b>           | <b>(61,034)</b>                | <b>73,062</b>                | <b>126,412</b> |
| <b>Balance at 1 July 2018</b>                      | <b>65,608</b>            | <b>(90,042)</b>            | <b>138,818</b>           | <b>(69,702)</b>                | <b>82,696</b>                | <b>127,378</b> |
| Loss for the year                                  | -                        | -                          | -                        | -                              | (4,942)                      | (4,942)        |
| <b>Other comprehensive<br/>Income</b>              |                          |                            |                          |                                |                              |                |
| - Currency translation                             | -                        | -                          | -                        | 4,921                          | -                            | 4,921          |
| <b>Total comprehensive<br/>income for the year</b> | <b>-</b>                 | <b>-</b>                   | <b>-</b>                 | <b>4,921</b>                   | <b>(4,942)</b>               | <b>(21)</b>    |
| <b>Balance at 30 June 2019</b>                     | <b>65,608</b>            | <b>(90,042)</b>            | <b>138,818</b>           | <b>(64,781)</b>                | <b>77,754</b>                | <b>127,357</b> |

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

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

As at 30 June 2020, the Company held 4,421,875 (30 June 2019: 4,421,875) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares for the year ended 30 June 2020.

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

|                                                                | <-----The Company-----> |                      |
|----------------------------------------------------------------|-------------------------|----------------------|
|                                                                | As at<br>30 Jun 2020    | As at<br>30 Jun 2019 |
| Issued shares                                                  | 39,666,395              | 39,666,395           |
| Less: Treasury shares                                          | (4,421,875)             | (4,421,875)          |
| <b>Total number of issued shares excluding treasury shares</b> | <b>35,244,520</b>       | <b>35,244,520</b>    |

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

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

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings for the year ended 30 June 2020.

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

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

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

Not applicable.

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

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

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

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

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

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

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

|                                   | <-----The Group----->             |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|
|                                   | As at<br>30 Jun 2020<br>RMB cents | As at<br>30 Jun 2019<br>RMB cents |
| Earnings per share                | 4.33                              | 18.67                             |
| Weighted average number of shares | <u>35,244,520</u>                 | <u>35,244,520</u>                 |

Diluted earnings per share for the year ended 30 June 2020 and 2019 are the same as the basic earnings per share, as the Group has no dilutive potential during both periods.

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

|                                                                                                                   | <-----The Group----->               |                                     | <-----The Company----->             |                                     |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                                                   | As at<br>30 Jun 2020<br>RMB (cents) | As at<br>30 Jun 2019<br>RMB (cents) | As at<br>30 Jun 2020<br>RMB (cents) | As at<br>30 Jun 2019<br>RMB (cents) |
| Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period | 432.04                              | 422.43                              | 358.67                              | 361.35                              |
| Number of shares (excluding treasury shares)                                                                      | <u>35,244,520</u>                   | <u>35,244,520</u>                   | <u>35,244,520</u>                   | <u>35,244,520</u>                   |

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

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### **Review of the Performance of the Group**

#### **Revenue**

Revenue for FY2020 was increased by RMB7.87 million amounting to RMB20.64 million comparing to RMB12.78 million in FY2019. The increase in revenue was due to the newly acquired company, Shanghai Xiyun Information Technology Services Co., Ltd. ("Shanghai Xiyun"), contributed revenue of RMB7.85 million.

Shanghai Xiyun, is a company being acquired on 27 June 2019. The main business of the Company is to provide supporting services for customers to obtain service revenue. The services provided by Shanghai Xiyun to customers include: technical services, administrative affairs management, financial accounting, tax declaration, human resource management, legal affairs support and investment consultation.

The customers of Shanghai Xiyun, are engaging in the development and production of information technology products. It has maintained a long-term and stable cooperative relationship with customers. The service fee will be readjusted every six months according to the business development of customers.

#### **Gross profit and gross profit margin**

Gross profit increased to RMB17.94 million in FY2020 comparing to RMB10.12 million in FY2019. Correspondingly, the gross profit margin for FY2020 increased to 87% comparing to 79% in FY2019.

The gross profit of Xi'an property increased from RMB10.12 million in FY2019 to RMB10.76 million in FY2020, and the gross profit margin increased from 79% in FY2019 to 84% in FY2020. The reason for the increases in gross profit margin was that the rental revenue of Xi'an property increased and the electricity cost was reduced due to the Government's preferential regulation. Shanghai Xiyun obtained a gross profit of RMB7.18 million in FY2020 in a gross profit margin of 92%.

#### **Administrative expenses**

Administrative expenses increased from RMB8.48 million in FY2019 to RMB17.14 million in FY2020. Shanghai Xiyun incurred RMB4.65 million of operating expenses in FY2020, which included salaries and social insurance of RMB3.52 million, and professional service fees paid to the third-parties of RMB0.7 million. There was also increase of employees' salary, directors' salary and maintenance cost of RMB1.00 million.

#### **Finance costs**

Xi'an Longfei Software Co., Ltd. obtained bank borrowing of RMB41.50 million in January 2020. Finance costs of RMB1.02 million represented interest expenses on borrowing incurred from January 2020 to June 2020.

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### **Other gains**

Other gains decreased from RMB8.75 million in FY2019 to RMB5.18 million in FY2020. It was mainly due to lower fair value gain of investment property in FY2020, which decreased by RMB4.00 million amounting to RMB4.00 million compared to RMB8.00 million in FY2019, and offset with the increase in interest income from bank deposits of RMB0.20 million compared with that of FY2019.

### **Income tax expense**

Income tax expense mainly included the current income tax payable due to the operations of Xi'an Longfei Software Co., Ltd and Shanghai Xiyun, and the temporary income tax liabilities arising from the increase of fair value of the investment property.

### **Balance Sheets**

#### **Investment property**

This related to the Group's investment property located in Xi'an which was leased for generating rental income. This property was leased to customers engaged in science and education business. The increase of carrying amount of the investment property from RMB128.00 million as at 30 June 2019 to RMB132.00 million as at 30 June 2020 represented the fair value gain of RMB4.00 million recognised in FY2020.

#### **Right-of-use asset and lease liabilities**

As of 30 June 2020, the right-of-use asset and lease liabilities were RMB0.007 million and RMB0.006 million respectively. The asset was the office premises rented by Shanghai Xiyun, and the lease liabilities were office rents to be paid. Balance of this asset had been consolidated into property, plant and equipment.

#### **Goodwill**

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

#### **Cash and bank balances**

Cash and bank balances decreased from RMB51.66 million as at 30 June 2019 to RMB45.23 million as at 30 June 2020, representing the net effect from operating cash outflow of RMB2.15 million, bank borrowing at RMB41.5 million, redemption of financial products and financial income of RMB2.93 million. At the same time, because LC international Pte. Ltd. provided guarantee for Xi'an Longfei Software Co., Ltd.'s bank borrowing, RMB47.43 million of bank deposits were turned into collateral.

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### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss decreased from RMB2.95 million as at 30 June 2019 to RMB0.20 million as at 30 June 2020.

These financial products were issued by China Merchants Bank with a risk rating of R2 (stable), relatively small principal risk, relatively controllable income fluctuation and redeemable at any time. The recent average annual yield was 2.8%.

Interest income from financial assets at fair value through profit or loss in FY2020 was RMB0.18 million.

### **Bank deposits**

Bank deposits (restricted) was RMB47.43 million on 30 June 2020, which was LC International Pte. Ltd.'s bank deposit and pledged as guarantee of Xi'an Longfei Software Co., Ltd.'s bank borrowing. The guarantee period is from 9 January 2020 to 8 January 2030.

### **Trade receivables**

These were service fees receivable from Shanghai Xiyun's customers as at year ended 30 June 2020.

### **Other receivables**

These were electricity fees to be collected from tenants of Xi'an property.

### **Trade and other payables**

As at 30 June 2020, this mainly represented the deposits received in advance from tenants of Xi'an property and accrued expenses. Among which, RMB1.23 million was rent received in advance from tenants, RMB3.09 million was rental deposits received from tenants, RMB1.29 million was accrued staff costs, RMB10.86 million was provision.

### **Bank borrowing**

The bank borrowing was a borrowing obtained by Xi'an Longfei Software Co., Ltd. from Shanghai Agricultural Commercial Bank in January 2020. The duration of the borrowing is ten years, and the bank borrowing amount is RMB41.50 million. The purpose of the bank borrowing is settlement of inter-companies' loan.

The Group repaid RMB2.00 million of the bank borrowing in June 2020. As at 30 June 2020, RMB 4.00 million of the bank borrowing is to be repaid within one year and reclassified as current liabilities, and the remaining balance of RMB35.50 million is classified as non-current liabilities.

### **Deferred tax liabilities**

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

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### **Cash Flow**

#### **Full Year Review**

For FY2020, the Group recorded net cash used in operating activities of RMB2.16 million.

For FY2020, the Group recorded net cash generated from investing activities of RMB3.14 million.

For FY2020, the Group recorded net cash used in financing activities of RMB8.34 million.

The net cash outflow of operating activities in the full year is mainly due to the increase of operating expenses, the cash inflow of investment activities is mainly due to acquisition of financial assets at fair value through profit or loss, the net cash outflow of financing activities is caused by the conversion of part of bank deposits into collateral while obtaining bank borrowing.

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

No forecast or prospect statement had been made.

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

The Group's businesses in Xi'an and Shanghai should not be materially affected by the COVID-19, for the following reasons:

Firstly, the property owner and property management company have adopted strict management and service measures in accordance with the requirements of the Government, so that the property was approved to reopen on time by the Government after the Chinese New Year holiday;

Secondly, the lessees of Xi'an property are engaged in public utility related technology research and development, distance education support, network technology research and development, and these industries are encouraged for development by the Government. Therefore, under the COVID-19 situation, most of the lessee's business were not affected, none of the lessees requested for rent reduction or delayed in paying;

Thirdly, with the improvement of municipal facilities, the transportation and regional advantages in Xi'an property have been enhanced. The original lessees also hope to maintain a long-term cooperative relationship with the Group.

Similarly, the business of Shanghai Xiyun has not been greatly affected by the COVID-19. Because Shanghai is one of the cities that allowed the return to work at a relatively early stage after the Chinese New Year holiday. Therefore, most of the customers of Shanghai Xiyun also returned to work and resumed their normal business activities with minimal disruption. Shanghai Xiyun continued to provide various services to customers and obtain service revenue.

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As at the date of this announcement, the COVID-19 outbreak is still affecting business and economic activities worldwide, the management will continue to pay close attention to any possible epidemic impact on the businesses of the Group, and actively respond to it in order to ensure the normal and stable development of businesses in Xi'an and Shanghai. At the same time, the management will strive to seek new business opportunities.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

#### **(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

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

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

**(e) Book Closure Date** : N.A.

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

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

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

No IPT mandate has been obtained.

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

The Directors of the Company confirmed that to the best of their knowledge, nothing had come to their attention which may render these unaudited interim financial statements for the year ended 30 June 2020, to be false or misleading in any material aspect.

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### **15. Disclosure of Persons Occupying Managerial Position who are Related to a Director, CEO or Substantial Shareholder**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of LCT Holdings Limited (the "Company") wishes to confirm that the following persons occupying managerial positions in the Company or any of its principal subsidiaries are relatives of a Director or Chief Executive Officer or substantial shareholder of the Company for the financial year ended 30 June 2020:

| Name     | Age | Family relationship with any director, CEO and/or substantial shareholder                     | Current position and duties, and the year the position was first held | Details of Changes in duties and position held, if any, during the year |
|----------|-----|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------|
| Du Junqi | 46  | Du Junqi is the brother of Dr. Du Junhong, who is the substantial shareholder of the Company. | CEO and Executive Chairman                                            | N.A.                                                                    |

### **BY ORDER OF THE BOARD**

Mr. Du Junqi

***Executive Chairman***

29 August 2020