

LCT HOLDINGS LIMITED
(Formerly Known as Longcheer Holdings Limited)

Incorporated in Bermuda
 Company Registration No. 35673

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

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

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

Group Income Statement for the first quarter ended 30 September 2018. These figures have not been audited.

Income Statement For 1st Quarter

	<-----The Group----->		
	FY2019	FY2018	
	1stQtr	1stQtr	
	1 Jul 18 to	1 Jul 17 to	+/(-)
	30 Sep 18	30 Sep 17	
	RMB'000	RMB'000	%
Revenue	3,483	2,868	21
Cost of sales	(787)	(783)	(1)
Gross profit	2,696	2,085	29
Other gains	136	16	750
Administrative expenses	(1,505)	(1,723)	(13)
Profit before income tax	1,327	378	251
Income tax expense	(306)	(312)	(2)
Profit for the period	1,021	66	1,447
Profit for the period attributable to:			
Owners of the Company	1,021	66	1,447

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Incorporated in Bermuda
 Company Registration No. 35673

Statement of Comprehensive Income

	<-----The Group----->		
	FY2019	FY2018	
	1stQtr	1stQtr	
	1 Jul 18 to	1 Jul 17 to	+/(-)
	30 Sep 18	30 Sep 17	
	RMB'000	RMB'000	%
Profit for the period	1,021	66	1,447
Other comprehensive income, net of tax			
Items that may be reclassified			
subsequently to profit or loss:			
Currency translation			
- Group	1,200	(842)	nm
Other comprehensive income for the	1,200	(842)	nm
period, net of tax amounting to nil			
Total comprehensive income for the period	2,221	(776)	nm
Total comprehensive income attributable to:			
Owners of the Company	2,221	(776)	nm

nm: Not meaningful / material

Notes:

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

	<-----The Group----->		
	FY2019	FY2018	
	1stQtr	1stQtr	
	1 Jul 18 to	1 Jul 17 to	+/(-)
	30 Sep 18	30 Sep 17	
	RMB'000	RMB'000	%
(a) Bank interest income*	2	1	100
(b) Net fair value gain for financial assets at fair value through profit or loss*	22	26	(15)
(c) Depreciation of property, plant and equipment	(37)	(2)	1,750
(d) Loss on disposal of property, plant and equipment	-	(1)	(100)
(e) Exchange difference, net*	112	(10)	nm

*Included in other gains.

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Incorporated in Bermuda
 Company Registration No. 35673

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

Statements of Financial Position

	<----- Group----->		<----- Company----->	
	As at 30 Sept 18	As at 30 Jun 18	As at 30 Sept 18	As at 30 Jun 18
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	634	671	-	-
Investment property	120,000	120,000	-	-
Interests in subsidiaries	-	-	131,017	126,016
	<u>120,634</u>	<u>120,671</u>	<u>131,017</u>	<u>126,016</u>
Current assets				
Cash and bank balances	38,204	47,744	1,322	2,048
Financial assets at fair value through profit or loss	700	-	-	-
Trade receivables	44	-	-	-
Other receivables	12,135	592	-	-
	<u>51,083</u>	<u>48,336</u>	<u>1,322</u>	<u>2,048</u>
Current liabilities				
Other payables	16,063	15,881	839	686
Net current assets	<u>35,020</u>	<u>32,455</u>	<u>483</u>	<u>1,362</u>
Non-current liabilities				
Deferred tax liabilities	12,119	11,813	-	-
Net assets	<u>143,535</u>	<u>141,313</u>	<u>131,500</u>	<u>127,378</u>
EQUITY				
Equity attributable to owners of the company				
Share capital	65,608	65,608	65,608	65,608
Treasury shares	(90,042)	(90,042)	(90,042)	(90,042)
Reserves	167,969	165,747	155,934	151,812
Total equity	<u>143,535</u>	<u>141,313</u>	<u>131,500</u>	<u>127,378</u>

Current assets

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

There was no borrowing of the Company and the Group as at 30 June 2018 and 30 September 2018.

LCT HOLDINGS LIMITED
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Incorporated in Bermuda
Company Registration No. 35673

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

Statement of cash flows for 1st Quarter Ended 30 September

	<-----The Group----->	
	FY2019	FY2018
	1stQtr	1stQtr
	1 Jul 18 to	1 Jul 17 to
	30 Sep 18	30 Sep 17
	RMB'000	RMB'000
Cash flow from operating activities		
Profit before income tax	1,327	378
Adjustments for:		
Interest income of bank deposits	(2)	(1)
Net fair value gain for financial assets at fair value through profit or loss	(22)	(26)
Depreciation of property, plant and equipment	37	2
Loss on disposal of property, plant and equipment	-	1
Exchange difference, net	(112)	10
Operating cash flows before movements in working capital	1,228	364
Increase in trade receivables	(44)	-
Increase in other receivables	(43)	(69)
Increase/(decrease) in other payables and trade deposits received from customers	182	(266)
Net cash generated from operating activities	1,323	29
Cash flow from investing activities		
Interest received	2	1
Interest received from financial assets at fair value through profit or loss	22	26
Acquisition of financial assets at fair value through profit or loss	(700)	(4,600)
Advance to independent third party	(11,500)	-
Net cash used in investing activities	(12,176)	(4,573)
Net decrease in cash and cash equivalents	(10,853)	(4,544)
Cash and cash equivalents at the beginning of the financial period	47,744	45,791
Effect of foreign exchange rate changes, net	1,313	(852)
Cash and cash equivalents at the end of the financial period	38,204	40,395
Analysis of cash and cash equivalents		
Cash and bank balances	38,204	40,395

LCT HOLDINGS LIMITED
(Formerly Known as Longcheer Holdings Limited)

Incorporated in Bermuda
 Company Registration No. 35673

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

Statement of Changes in Equity for the Group

	Attributable to owners of the Company					
	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jul 2018	65,608	(90,042)	138,818	(62,404)	89,333	141,313
Profit for the period	-	-	-	-	1,021	1,021
Other comprehensive income						
-Currency translation						
- Group	-	-	-	1,200	-	1,200
Total comprehensive income for the period	-	-	-	1,200	1,021	2,221
Balance at 30 Sept 2018	65,608	(90,042)	138,818	(61,204)	90,354	143,534
Balance at 1 Jul 2017	65,608	(90,042)	138,818	(61,223)	80,258	133,419
Profit for the period	-	-	-	-	66	66
Other comprehensive income						
-Currency translation						
- Group	-	-	-	(842)	-	(842)
Total comprehensive income for the period	-	-	-	(842)	66	(776)
Balance at 30 Sept 2017	65,608	(90,042)	138,818	(62,065)	80,324	132,643

LCT HOLDINGS LIMITED
(Formerly Known as Longcheer Holdings Limited)

Incorporated in Bermuda
Company Registration No. 35673

Statement of Changes in Equity for the Company

Company	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 Jul 2018	65,608	(90,042)	138,818	(69,702)	82,696	127,378
Loss for the period	-	-	-	-	(824)	(824)
Other comprehensive income						
-Currency translation	-	-	-	4,946	-	4,946
Total comprehensive income for the period	-	-	-	4,946	(824)	4,122
Balance at 30 Sept 2018	65,608	(90,042)	138,818	(64,756)	81,872	131,500
Balance at 1 Jul 2017	65,608	(90,042)	138,818	(66,548)	85,841	133,677
Loss the period	-	-	-	-	(905)	(905)
Other comprehensive income						
-Currency translation	-	-	-	(2,711)	-	(2,711)
Total comprehensive income for the period	-	-	-	(2,711)	(905)	(3,616)
Balance at 30 Sept 2017	65,608	(90,042)	138,818	(69,259)	84,936	130,061

LCT HOLDINGS LIMITED
(Formerly Known as Longcheer Holdings Limited)

Incorporated in Bermuda
Company Registration No. 35673

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

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

As at 30 September 2018, the Company held 4,421,875 (30 September 2017: 4,421,875) treasury shares. There were no purchases, sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 September 2018.

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

<----The Company---->		
	As at 30 Sept 18	As at 30 Jun 18
Issued shares	39,666,395	39,666,395
Less: Treasury shares	(4,421,875)	(4,421,875)
	35,244,520	35,244,520
Total number of issued shares excluding treasury shares	35,244,520	35,244,520

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

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

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

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

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Incorporated in Bermuda
Company Registration No. 35673

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 2018, 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 2018.

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

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

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

	<-----The Group----->	
	FY2019 1 st Qtr RMB cents	FY2018 1 st Qtr RMB cents
Earnings per share	2.90	0.19
Weighted average number of shares	35,244,520	35,244,520

Diluted earnings per share for the three months ended 30 September 2018 and 2017 are the same as the basic earnings per share, as the Group has no dilutive potential during both periods.

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Incorporated in Bermuda
Company Registration No. 35673

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

	<---The Group--->		<---The Company--->	
	As at 30 Sept 18	As at 30 Jun 18	As at 30 Sept18	As at 30 Jun 18
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of period	407.25	400.95	373.11	361.41
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.

Review of the Performance of the Group

Revenue

Revenue increased from RMB2.9 million in Q1 FY18 to RMB3.5 million in Q1 FY19. The increase in rental income is due to the addition of new tenants and the increase of rental rates.

Gross profit and gross profit margin

Gross profit was RMB2.7 million in Q1 FY19 compared to RMB2.1 million in Q1 FY18. Correspondingly, the gross profit margin of Q1 FY19 rose from 73% of Q1 FY18 to 77%. The increase in gross profit was mainly due to the increase in rental income.

Administrative expenses

Administrative expenses decreased from RMB1.72 million in Q1 FY18 to RMB1.51 million in Q1 FY19 mainly due to decrease in operating costs of company.

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Company Registration No. 35673

Other gains and losses

Other gains increased from RMB0.016 million in Q1 FY18 to RMB0.14 million in Q1 FY19 mainly due to changes in the US dollar exchange rate.

Balance Sheets

Investment property

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

Cash and deposit balances

Cash and deposit balances decreased from RMB47.7 million as at 30 June 2018 to RMB38.2 million as at 30 September 2018 mainly due to purchase of bank financial products and advance to other enterprise.

Other payables

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

Deferred tax liabilities

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

Cash Flow

For Q1FY19, the Group recorded net cash generated from operating activities of RMB1.32 million. For Q1 FY19, the Group recorded net cash used in investing activities of RMB12.18 million.

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

No forecast or prospect statement had been made.

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Company Registration No. 35673

- 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 uncertainty in the US-China trade relationship has resulted in a depressed office leasing market in Xian. In the coming months, management effort will be focused on maintaining the present high occupancy and at the same time, explore other leasing alternatives to sustain stable rental revenue.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

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

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

(e) Book Closure Date : N.A.

LCT HOLDINGS LIMITED
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Company Registration No. 35673

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

No dividend has been recommended.

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

No IPT mandate has been obtained.

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

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the first quarter ended 30 September 2018, to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Mr Du Junqi
Executive Chairman
13 November 2018