LCT Holdings Limited

Annual Report 2020

Contents

CHAIRMAN'S STATEMENT

A Difficult Year

The 2020 financial year was filled with great uncertainty. In a world already beset by slowing economic growth, trade tensions and volatile commodity prices, the impact of COVID-19 has been devastating.

Swift and strict measures are expected to shelter the Group's businesses in Xi'an and Shanghai from being materially affected by COVID-19. New coronavirus cases in China have been extremely low for many months, and most of our customers have resumed their regular business activities.

Rebuilding in Riskier Times

Nonetheless, it must be acknowledged that the current times are materially riskier than the past. China's economic growth and retail sales are significantly below their pre-COVID levels, and business risk from hard to mitigate sources such as rising anti-globalization have increased.

An unexpected resurgence in new COVID cases or sustained low economic growth could impact rental and occupancy rates and demand for our consulting services. Additionally, our cost structure is lean, and any costs or inefficiencies from future COVID-19 related measures could also negatively affect profitability.

The disposal of our electronics and mobile handset interests, namely Mobell Technology Pte. Ltd, Shanghai Tricheer Technology Co., Limited and Mentech Investment Limited have allowed us to return to shareholders $3.262 per Share (after the 10:1 share consolidation in 2015) in special dividends.

Since realising these assets, we have actively sought new investment opportunities to augment our property investment business. This is a slow process and even with the acquisition of 80% equity interest in Shanghai Xiyun Information Technology Co., in 2019, the Group is still much smaller than the past, with last year's revenue of RMB21 million a tiny fraction of the over RMB4 billion revenue recorded at the height of the Group's size.

The riskier business environment, smaller scale of our Group and search for new businesses requires us to operate more along start-up lines, taking calculated risk taking and operating with agility. Scaling up will take years to achieve, and we can provide no assurances to shareholders of the outcome, or likely composition of future businesses.

Voluntary Conditional Cash Offer

On 16 September 2020, CEL Impetus Corporate Finance Pte. Ltd.("CICF") for and on behalf of Superior Partners Limited (the "Offeror"), has announced that the Offeror intends to make a voluntary conditional cash offer (the "Offer") for the Company. The Offer is S$0.60 per share and conditional upon a minimum acceptance of 90%. Assuming this level of acceptance is reached, it is the intention of the Offeror to delist the company from the SGX.

The delisting and privatisation of the Company will allow the Offeror and the Company greater speed, control and flexibility in deploying resources to respond to changes resulting from COVID-19 and the uncertain business climate.

The Offer also provides shareholders an opportunity to divest their entire shareholding at a significant premium to historical prices. The average daily volume in the 3 months to the trading day before the announcement was only 2,150 shares, and the Offer price is at a 39% premium to the closing price of the Shares on the same day. The Offer price is also 61% above the average price ("VWAP") per Share for the one, three, and six month period prior to the announcement and above the highest price in the last 36 months.

An announcement on the Offer, and the appointment of Novus Corporate Finance Pte. Ltd. as Independent Financial Advisor was made on 21 September 2020, and is available on the website of the Singapore Stock Exchange (www.sgx.com).

Appreciation and Thanks

The past year has been a difficult one. Since inception, our ability to adapt and innovate in the dynamic business environment has been our core strength, and operating at as a private company will be important to levering this strength in the uncertain year ahead.

We take this opportunity to thank our directors, staff and business partners for their dedication and contributions to our Group, and thank you, our shareholders, for your support through the years.

Mr Du Junqi
Executive Chairman

RESULTS OF OPERATIONS

Revenue

Revenue for FY2020 increased RMB7.8 million to RMB20.6 million, compared to RMB12.8 million in FY2019. The increase in revenue was almost entirely due to the newly acquired company, Shanghai Xiyun Information Technology Services Co., Ltd. ("Shanghai Xiyun"), which contributed revenue of RMB7.8 million.

Gross profit and gross profit margin

Gross profit increased to RMB17.9 million in FY2020 compared to RMB10.1 million in FY2019. Gross profit of our Xi'an property grew marginally from RMB10.1 million in FY2019 to RMB10.8 million in FY2020. The slight increase was due to slightly higher rent for the Xi'an property and lower electricity cost due to the Government's preferential regulation.

Shanghai Xiyun, a consultancy acquired during the year achieved a gross profit of RMB7.1 million in FY2020.

The combination of improved rental gross margin and the acquisition of the high margin consulting business boosted the Group's gross profit margin for FY2020 to 87%, as compared to 79% in FY2019.

Administrative expenses

Administrative expenses increased from RMB8.5 million in FY2019 to RMB17.1 million in FY2020. A large part of the increase was due to the acquisition of Shanghai Xiyun which incurred RMB4.7 million of administrative expenses such as salaries, social insurance and professional service fees. There was also an increase of employees' salary, directors' salary and maintenance cost of RMB1.0 million.

Finance costs

Xi'an Longfei Software Co., Limited obtained bank borrowing of RMB41.5 million in January 2020. Finance costs of RMB1.0 million were incurred on borrowings from January 2020 to June 2020.

Other gains

Other gains decreased from RMB8.8 million in FY2019 to RMB5.2 million in FY2020. This was primarily due to lower fair value gain of investment property in FY2020, which decreased by RMB4.0 million as compared to RMB8.0 million in FY2019.

Income tax expense

Income tax expense was primarily due to current income tax payable for Xi'an Longfei Software Co., Ltd and Shanghai Xiyun, and the deferred tax liabilities arising from the increase of fair value of the investment property.

Net Profit

As a result of the above, and primarily due to higher administrative cost and finance costs and lower gains on investment property during the year, net profit of the Group declined from RMB6.6 million in FY2019 to RMB2.0 million in FY2020.

BOARD OF DIRECTORS

The biographical details of the Directors of the Company at the date of this report are as follows.

Mr. Du Junqi
Executive Director, Chairman and Chief Executive Officer

Mr. Du Junqi is our Chairman and CEO. Mr. Du Junqi was appointed to the Board on 1 March 2017 and was last re-elected on 25 October 2019. He is responsible for the implementation of the Group's policies and strategies, and exploring new business opportunities for the Group. Mr. Du Junqi was the General Manager of Shanghai Quanrun Investment Co., Ltd. from June 2005 to July 2007. In August 2007, he joined Xi'an Acheers Investment Co., Ltd. as the General Manager, in charging of the overall operations and development strategies. Furthermore, he is the founder of Shanghai Donghe9gu Oxygen Land Co., Ltd, which combines farming and tourism together.

Mr. Du holds a Master Degree of Electronic Engineering from Kanazawa University and a Bachelor Degree of Electronic Structures from Beijing University of Posts and Telecommunications.

Mr. Tao Qiang
Executive Director

Mr. Tao Qiang is our 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 2017. Mr. Tao is re-designated as an Executive Director on 8 August 2018. Mr. Tao graduated from Jingling Institute of Technology in Nanjing, 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.

Mr. Deng Hua
Non-Executive Director

Mr. Deng Hua is our Non-Executive Director. He is a founder of our Group. Mr. Deng was appointed to the Board on 1 February 2005 and was last re-elected on 25 October 2019. Mr. Deng is re-designated as a Non-Executive Director on 8 August 2018. 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 and Physics Faculty of Xi Dian University, China. He completed his Executive MBA programme from China Europe International Business School.

BOARD OF DIRECTORS

Ms. Lee Ying Shin
Non-Executive and Independent Director

Ms. Lee joined the Board as a Non-Executive Independent Director on 1 November 2019. Ms. Lee has extensive management experience in the real estate industry spanning more than 15 years. Ms. Lee is currently the Managing Director of Knight Frank, a global real estate consultancy firm, in Shanghai, and has held various leadership roles in the real estate function within GE for 10 years prior with global coverage.

She holds a Bachelors of Economics (Economics, Finance)

Mr. Koh Kew Siong
Non-Executive and Independent Director

Mr. Koh joined the Board as a Non-Executive Independent Director on 17 December 2019. Mr. Koh is currently a consultant with Stephenson Harwood (Singapore Alliance). He has more than twenty years of professional experience in the law profession, and also served as a director or partner of several companies and law firms.

Mr. Koh currently is Council Member of Singapore Leong Khay Huay Kuan and trustee of Singapore Leong Khay Huay Kuan Eduction Trust.

Mr. Mark Leong Kei Wei
Non-Executive and Independent Director

Mr. Leong joined the Board as a Non-Executive Independent Director on 30 December 2019. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA). He has more than twenty years of working experience and has held senior management roles in various industries for both listed and non-listed companies.

Mr. Leong currently serves as a Non-Executive Independent Director of three other listed companies, namely, LMIRT Management Ltd, MDR Limited, and KLW Holdings Limited.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Mr Du Junqi (*Chief Executive Officer & Chairman*)
Mr. Tao Qiang

Non-Executive:
Mr Deng Hua
Ms Lee Ying Shin (*Independent*)
Mr Koh Kew Siong (*Independent*)
Mr Mark Leong Kei Wei (*Independent*)

MANAGEMENT TEAM
Mr Du Junqi (*Executive Chairman*)
Mr Tao Qiang (*Executive Director*)
Ms Luo Haiyan (*Chief Financial Officer*)

AUDIT COMMITTEE
Mr Mark Leong Kei Wei (*Chairman*)
Ms Lee Ying Shin
Mr Koh Kew Siong

NOMINATING COMMITTEE
Mr Koh Kew Siong (*Chairman*)
Ms Lee Ying Shin
Mr Du Junqi

REMUNERATION COMMITTEE
Ms Lee Ying Shin (*Chairman*)
Mr Koh Kew Siong
Mr Mark Leong Kei Wei

COMPANY SECRETARY
Ms Kong Fung Wei
Ms Cheok Hui Yee

ASSISTANT COMPANY SECRETARY
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
Floor 9, No. 2, Lane 399
Shengxia Road, Pudong District
Shanghai, China 201210

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
Conyers Corporate Services (Bermuda) Limited
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. Tony Lo
(Commencing the financial year ended 30 June 2018)
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 (the "Company") and its subsidiaries (collectively referred to as the "Group") view good corporate governance as the hallmark of a well-managed organisation. The board of Directors (the "Board") and the management (the "Management") of the Company are thus fully committed to maintaining and upholding the highest standards of corporate governance, professionalism, integrity and commitment at all levels within the Group, underpinned by strong internal controls and risk management systems, to continuously enhance shareholder value.

This corporate governance report ("Report") sets out the Group's corporate governance processes and structures that are in place during the financial year ended 30 June 2020 ("FY2020"), with specific reference made to the principles and guidelines of the Code of Corporate Governance 2018 (the "Code") which forms part of the continuing obligations of the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the SGX-ST").

The Board confirms that, for FY2020, the Company has generally adhered to the principles and guidelines set out in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Report.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Guidelines	Corporate Governance Practices
1.1	The Board is primarily responsible for directing the affairs of the Company in order to achieve the goals set for the Group. The responsibility includes setting the strategic direction and long term goals, internal controls and risk management, corporate governance and financial performance of the Group. The Board works closely with Management ensuring that their duties and responsibilities stipulated under the Companies Act and applicable rules and regulations are complied with and their obligations towards shareholders and other stakeholders are met. The Board will hold management accountable for performance. The Board has adopted a policy where the Directors who are interested in any matter being considered, recuse themselves from discussion and decision-making involving the issue of conflict.
1.2	With assistance of the Company Secretaries, the Board and the Management are continually apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company also has in place a budget for the Directors' training programmes on an annual basis and the Directors are encouraged to participate in industry conferences, seminars, courses or training programmes in connection with their duties and responsibilities as the Directors of the Board and Board Committees, in order to keep abreast of the latest rules, regulations and accounting standards in Singapore. The Directors have been keeping themselves abreast with the latest rules, regulations and accounting standards applicable to the Group during the course of their principal commitments, in addition to the regular digest provided by the Company Secretaries and external auditors. During FY2020, there were three (3) appointments of new Independent Directors.

Please also refer to Guideline 4.5.

1.3 The Board comprises the following members:

Executive Directors
Mr Du Junqi (Executive Chairman and Chief Executive Officer ("CEO"))
Mr Tao Qiang

Non-Executive Director
Mr Deng Hua

Non-Executive and Independent Directors
Ms Lee Ying Shin
Mr Koh Kew Siong
Mr Mark Leong Kei Wei

The matters specifically reserved for the Board's decision include but are not limited to:

(1) Approving the Group's goals, strategies and objectives;
(2) Monitoring the performance of Management;
(3) Overseeing the processes for evaluating the adequacy and effectiveness of internal controls, risk management systems, financial reporting and compliance of the Group;
(4) Approving the appointment of Directors of the Company and Key Management Personnel of the Group;
(5) Approving the announcement of unaudited half-year financial results, unaudited full year financial results and audited financial statements;
(6) Endorsing remuneration framework and key human resource matters of the Group;
(7) Convening of general meetings;
(8) Approving annual budgets, major funding proposals, major acquisition and major disposal of investments according to the Listing Manual of the SGX-ST; and
(9) Assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 and the rules and regulations applicable to a public listed company.

1.4 To facilitate effective management, certain functions have been delegated to various Board Committees i.e., Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), each of which has its own clear written terms of reference ("TOR"). The TORs are reviewed on a regular basis to ensure their continued relevance with the Code.

The Management together with the Board Committees support the Board in discharging its duties and responsibilities. The roles and powers of the Board Committees are set out separately in this Statement.

1.5 The Board meets at least quarterly and more frequently as and when required, to review and evaluate the Group's operations and performance and to address key policy matters of the Group, where necessary.

The Constitution of the Company allows Board and Board Committees meetings to be conducted by way of teleconferencing to facilitate Board participation.

In the absence of Board and Board Committees meetings, the Board and the Board Committees discuss, deliberate and approve the matters specially reserved to them by way of resolutions in writing in accordance with the Company's Constitution and Board Committees' term of references where applicable.

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held during FY2020 and the attendance of each Director, where relevant, are set out as follows:

Directors	Board Meetings	AC Meetings	RC Meetings	NC Meetings
Du Junqi	5	-	-	1
Tao Qiang	5	-	-	-
Deng Hua(1)	5	2	1	-
See Yen Tarn(2)	2	2	1	1
David Hwang Soo Chin(3)	2	2	1	1
Lee Ying Shin(4)	2	2	-	-
Koh Kew Siong(5)	2	2	-	-
Mark Leong Kei Wei(6)	2	2	-	-
No. of Meetings held in FY2020	5	4	1	1

Notes:
(1) Mr Deng Hua had relinquished as a member of the RC and AC on 30 December 2019.
(2) Mr See Yen Tarn had resigned as a Non-Executive Independent Director on 6 December 2019.
(3) Mr David Hwang Soo Chin had resigned as a Non-Executive Independent Director on 6 December 2019.
(4) Ms Lee Ying Shin is appointed a Non-Executive Independent Director on 1 November 2019.
(5) Mr Koh Kew Siong is appointed a Non-Executive Independent Director on 17 December 2019.
(6) Mr Mark Leong Kei Wei is appointed a Non-Executive Independent Director on 30 December 2019.

Directors with multiple board representation are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company.

1.6 Board papers for Board and Board Committee meetings are supplied to the Directors prior to meetings in order for the Directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

1.7 The Board, the Board Committees and the Directors have separate and independent access to Management, the Company Secretary and external advisors (where necessary) at the Company's expense and are entitled to request from Management such information or clarification as required.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

The Company Secretary attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and Board Committees.

The appointment, change and the removal of each Company Secretary is subject to the approval of the Board pursuant to the Constitution of the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Guidelines	**Corporate Governance Practices**
2.1	The Board comprises three (3) Non-Executive and Independent Directors, one (1) Non-Executive Director and two (2) Executive Directors in FY2020.

The directors in the office at the date of the Annual Report are:

Name of Director	Role Undertaken	Board Committee Membership
Mr Du Junqi	Chairman & CEO	NC
Mr Taoqiang	Executive Director	NIL
Mr Deng Hua	Non-Executive Director	NIL
Mr Lee Ying Shin	Non-Executive Independent Director	RC NC AC
Mr Koh Kew Siong	Non-Executive Independent Director	NC RC AC
Mr Mark Leong Kei Wei	Non-Executive Independent Director	AC RC

As of the date of the Annual Report, the Company has not appointed any Alternate Director.

The Board is of the view that a strong element of independence is present in the Board with Non-Executive and Independent Directors making up majority of the Board. The Board exercises objective and independent judgement on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

2.2 & 2.3 The Board complies with the Guideline by having majority of the Board made up of Non-Executive and Independent Directors as the Chairman of the Board and the CEO is the same person.

2.4 The composition of the Board is reviewed annually by the NC and the Board to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board.

Given the diverse qualifications, experience, background, gender and profile of the Directors, including the Independent Directors, the NC is of the view that the current Board members as a group provides an appropriate balance and diversity of relevant skills, experience and expertise required for effective management of the Group.

The Board is of the view that the current size, composition, range of experience and the varied expertise of the current Board members provides core competencies in business, investment, industry knowledge, legal, regulatory matters, audit, accounting and tax matters which are necessary to meet the Group's needs.

Key information regarding the Directors is set out on pages 3 to 4 of the Annual Report.

2.5	Non-Executive and Independent Directors contribute to the Board process by monitoring and reviewing the Group's performance against goals and objectives in a timely manner. Their views and opinions provide alternative perspectives to the Group's businesses and bring independent judgement on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive and Independent Directors will meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Guidelines	Corporate Governance Practices
3.1	Mr Du Junqi is the Executive Chairman and CEO of the Company. The Board is of the view that having Mr Du Junqi assume the roles of both Executive Chairman and CEO has not compromised overall accountability and independent decision-making as there is a majority number of Non-Executive Directors versus Executive Directors on the Board. Notwithstanding the Company has benefited from having an Executive Chairman and CEO who is knowledgeable about the businesses and operations of the Company and of the Group, the Board will address the segregation of such positions when it is appropriate.
3.2	As the Executive Chairman, Mr. Du Junqi leads Board discussions and deliberations. He ensures that Board meetings are held regularly and as and when necessary. He sets the agenda and ensures that Directors are provided with complete, adequate and timely information. He 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 the CEO, Mr. Du is responsible for the day-to-day management of the Group. Mr. Du 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. The Board recognises that best practices of corporate governance advocate that the Chairman of the Board and the chief executive officer of the Company should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Board also recognises that there are instances where the two roles may be performed by one person for valid reasons, and that such a practice is not uncommon both locally and in other developed jurisdictions. The holding of dual roles of Executive Chairman and CEO by the same Director, together with the strengths brought to these roles by a person of Mr. Du's stature and experience has been considered by the Board.

There are internal controls in place to allow for effective oversight by the Board of the Company's business to ensure an appropriate balance of power and authority is exercisable by the Board to enable objective decision making in the interests of the Company. In view of the management structure in place and the high representation of independent Directors (four of the Board members are Non-Executive and of which three are Independent Directors), the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Executive Chairman from that of the CEO to facilitate the Company's decision making and implementation process.

3.3 For FY2020, the Company did not appoint a lead independent Director. As recommended by Guideline 3.3 of the Code, every company should appoint an independent director to be the lead independent director where the chairman is not an independent director.

All three Independent Directors were appointed in FY2020. The NC is of the view that the decision to appoint a lead independent Director be postponed to FY2021 so as to allow time for the independent Directors to know more about one another before deciding on the appointment.

The three independent Directors do meet/communicate periodically (albeit on an informal basis) to discuss about the Group's affairs without the presence of the other Directors or Management. Any issues, concerns and/or suggestions arising from their discussions will be directly raised to the Executive Chairman.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Guidelines **Corporate Governance Practices**

4.1 The NC is responsible for reviewing the composition and effectiveness of the Board and determining whether the Directors possess the requisite qualifications and expertise and whether the independence of the Directors is compromised pursuant to the guidelines set out in the Code.

The key duties of the NC includes but not limited to the following:

(1) To review annually the independence of each Director with reference to the guidelines set out in the Code;
(2) To review all nominations for new appointments and re-election of Directors, put forth their recommendations for approval by the Board and ensure the new directors are aware of their duties and obligation;
(3) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
(4) To review Board succession plans, in particular, the Chairman and CEO;
(5) To assess the effectiveness of the Board as a whole and NC; and
(6) To review training and professional development programmes for the Board.

Each member of the NC abstains from voting on any resolution and making any recommendation or participating in any deliberations of the NC in respect of matters concerning him, if any.

4.2 The members of the NC of the Company are:

Koh Kew Siong (Chairman)
Du Junqi
Lee Ying Shin

The majority of the NC members, including the Chairman of the NC, are Non-Executive and Independent Directors.

4.3 The NC has formalised a procedure for the selection, appointment and re-election of Directors. Letters of appointment will be issued to new Non-Executive and Independent Directors setting out their duties, obligations and terms of appointment as appropriate while a service agreement accompanied with supporting documents setting out duties, responsibilities and terms of appointment will be given to new Executive Director.

In the case of a new Director to be appointed, *inter alia*, an evaluation of a candidate's qualifications and experience with due consideration being given to ensure that the Board consists of members who as a whole will collectively possess the relevant core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge. The search for new Directors, if any, will, if considered necessary, be made through executive search companies, contacts and/or recommendations. Shortlisted persons will be evaluated by the NC before being recommended to the Board for consideration.

In accordance with the Constitution of the Company, one-third of Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation at the annual general meeting of the Company, and a Director appointed during the year shall hold office until the next annual general meeting of the Company. The retiring Directors may offer themselves for re-election.

Bye-Law 86 (1) 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. Tao Qiang, who is retiring at this forthcoming Annual General Meeting ("AGM"), and have offered himself for re-election as a Director of the Company.

The NC has also reviewed and recommended the nomination of Ms Lee Ying Shin, Mr Koh Kew Siong and Mr Mark Leong Kei Wei who will be retiring by rotation in accordance with Bye-Law 85(6) of the Company's Bye-Laws, for re-election as Directors of the Company at the forthcoming AGM.

Set out below are the names, positions, dates of appointment and last re-election of each Director of the Company:

Name	Position	Date of First Appointment	Date of Last Re-Election
Du Junqi	Chairman & CEO	1 March 2017	25 October 2019
Tao Qiang	Executive Director	20 August 2004	30 July 2017
Deng Hua	Non-Executive Director	1 February 2005	25 October 2019
Lee Ying Shin	Non-Executive Independent Director	1 November 2019	NIL
Koh Kew Siong	Non-Executive Independent Director	17 December 2019	NIL
Mark Leong Kei Wei	Non-Executive Independent Director	30 December 2019	NIL

4.4 The Board and the NC review on annual basis whether or not a Director is independent, taking into account the definition of independence under the Code, *inter alia*, one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC and the Board have formed a view that none of the Non-Executive and Independent Directors has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The Board and the NC also reviewed each individual Director's judgement and conduct in carrying out his/her duties for FY2020. Together with the NC, the Board affirmed that Ms Lee Ying Shin, Mr Koh Kew Siong and Mr Mark Leong Kei Wei continue to be independent pursuant to the definition of Independence under the Code.

4.5 New Directors will undergo an orientation programme whereby they are briefed by the Company Secretary of their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They will also be briefed by Management on the Group's industry and business operations.

During FY2020, there were three (3) appointments of new Independent Directors.

The NC has reviewed the multiple board representations of the Directors and whether competing time commitments were faced when the Directors serve on multiple boards, in addition to the principal commitments of Directors on annual basis.

The NC has received assurance from the Directors who are holding multiple board representations, in particulars the Directors holding listed company board representations, that their time and effort in carrying out their duties as Directors of the Company will not be compromised. The NC has also considered the number of listed company board representations held by each Director.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding multiple listed company board representations and principal commitments of some Directors of the Company, as the Board and the Board Committees experienced minimal competing time commitments among its Board and Board Committees meetings in FY2020, which are planned and scheduled in advance.

Given the above, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. Instead, the NC considers these Directors would widen the expertise and experience of the Board and give it a broader perspective. As such, the NC does not presently consider it necessary to determine the maximum number of listed company board representations which any of the Directors may hold, and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company.

The NC is satisfied that all Directors have discharged their duties adequately for FY2020.

Please refer to Annual Report pages 106 to 107 for listed company directorships and principal commitments of each director.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

Guidelines	Corporate Governance Practices
5.1	The NC has in place a performance evaluation process where the effectiveness of the Board as a whole and each Board Committee as a whole is carried out on annual basis following the conclusion of each financial year.
5.2	The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on amongst others to propose changes which may be made to enhance the performance of the Board and the Board Committees, to provide their views on the functions of the Board and Board Committees including its procedures and processes and if any of these may be improved upon. The collective assessment is conducted by means of a confidential questionnaire to be completed by each Director before such assessment results are collated, analysed and reported to the respective Board Committees for their deliberation prior to the report to the Board. Individual evaluation of each Director is also conducted on an annual basis. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented as and when appropriate, if any. The performance evaluation of the Board and the Board Committees as a whole for FY2020 had been conducted. It was satisfied that all Directors individually and severally contributed effectively and demonstrated full commitment to their roles, accordingly, the performance of the Board and the Board Committees for FY2020 were satisfactory. No external facilitator had been engaged for this purpose.

The annual evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to but not limiting to:

(1) Board/Board Committees composition
(2) Information to the Board/Board Committees
(3) Board/Board Committees procedures
(4) Board accountability
(5) Interactions with CEO
(6) Standards of conduct by the Board/Board Committees

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Guidelines	Corporate Governance Practices
6.1	In consultation with the Chairman of the Board, the key responsibilities of the RC include but not limited to the following: (1) To recommend to the Board a framework of remuneration for Executive Directors and Key Management Personnel of the Group that is aligned with the interests of shareholders and ensure that such remuneration is appropriate to attract, motivate and retain the right talents for the Group; (2) To review and recommend to the Board for their endorsement on the annual remuneration packages for Executive Directors, Key Management Personnel and employees related to Directors or controlling shareholder of the Group, if any, which include a performance-related variable bonus component; (3) To review and recommend to the Board the benefits under any long-term incentive schemes, if any, for Executive Directors and Key Management Personnel of the Group; (4) To review and recommend the remuneration package of employees related to Directors or controlling shareholder of the Group, if any; and (5) To review the contracts of service of the Executive Directors and Key Management Personnel of the Group. Each member of the RC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the RC in respect of matters concerning him, if any.
6.2	The members of the RC of the Company are: Ms Lee Ying Shin (Chairman) Mr Koh Kew Siong Mr Mark Leong Kei Wei The RC comprises entirely Non-Executive and Independent Directors.
6.3	In reviewing the remuneration packages for Executive Directors and Key Management Personnel of the Group, as well as employees related to the Directors and controlling shareholders of the Group, if any, the RC will consider their contributions as well as the financial performance and the commercial needs of the Group and ensure that they are adequately but not excessively remunerated by the Group.

Further, the RC will take into consideration remuneration packages and employment conditions within the industry and within similar organisation structure as well as the Group's relative performance and the performance of individual employee.

The RC ensures that the remuneration packages of employees relating to the Directors and controlling shareholders of the Group, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC aims to be fair and avoid rewarding poor performance during the course of RC's duties including in the event of termination, termination clauses should be fair and not overly generously in respect of contract services entered into with Executive Directors and Key Management Personnel of the Group.

6.4 The RC has access to expert advice from external remuneration consultant, where required. In FY2020, the RC did not engage any external remuneration consultant.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Guidelines **Corporate Governance Practices**

7.1 The Company adopts a remuneration policy for Executive Directors and Key Management Personnel of the Group that comprise a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of profit-sharing or a variable bonus that is linked to the performance of the Group and the individual performance for the preceding financial year.

The Company does not have a long-term incentive, share option scheme or share award scheme within the Group.

Even though there are no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel of the Group in exceptional circumstances of misstatement of financial results or of misconduct resulting financial loss to the Group, the Group will not hesitate to take legal actions against the personnel responsible in the event of such exceptional circumstances or misconduct resulting financial loss to the Group.

7.2 Directors' fees payable/paid to the Non-Executive and Independent Directors are set in accordance with a remuneration framework comprising a basic fee and increment fixed fee, taking into account of the level of responsibilities such as taking the roles of chairman and member of Board Committees.

The Board, after the recommendation of the RC, has recommended the aggregate Directors' fees of S$202,000 to Non-Executive and Independent Directors of the Company for financial year ending 30 June 2021, to be paid quarterly in arrears, for shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled for 29 October 2020.

7.3 The Board is of the view that the current remuneration structure is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Guidelines **Corporate Governance Practices**

8.1 The following information relates to the remuneration received or to be received by the Directors from the Company and its subsidiaries for FY2020:

Name of Directors	Status	Fees[1]	Salary	Bonus	Other Benefits
Du Junqi	Executive	-	62.16%	31.08%	6.76%
Tao Qiang	Executive	-	66.67%	33.33%	
Deng Hua	Non- Executive	94.07%	-	-	5.93%
See Yen Tarn[2]	Non-Executive Independent	48.76%	-	-	51.24%
David Hwang Soo Chin[3]	Non-Executive Independent	48.76%	-	-	51.24%
Lee Ying Shin[4]	Non-Executive Independent	94.25%	-	-	5.75%
Koh Kew Siong[5]	Non-Executive Independent	96.5%	-	-	3.5%
Mark Leong Kei Wei[6]	Non-Executive Independent	96.5%	-	-	3.5%

Notes:

(1) *Directors' fees in an aggregate amount are subject to approval by shareholders at the forthcoming AGM.*

(2) *Mr See Yen Tarn has resigned as a Non-Executive Independent Director on 6 December 2019.*

(3) *Mr David Hwang Soo Chin had resigned as a Non-Executive Independent Director on 6 December 2019.*

(4) *Ms Lee Ying Shin is appointed a Non-Executive Independent Director on 1 November 2019.*

(5) *Mr Koh Kew Siong is appointed a Non-Executive Independent Director on 17 December 2019.*

(6) *Mr Mark Leong Kei Wei is appointed a Non-Executive Independent Director on 30 December 2019.*

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

	Number of Directors	
Remuneration Band	**2020**	**2019**
Above S$500,000	-	-
S$250,000 to S$499,999	-	-
Below S$250,000	8	5

In view of confidentiality and sensitivity attached to remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose exact remuneration received by each Executive Director of the Company, but in the bands of S$250,000 disclosed as above.

In view of the confidentiality and sensitivity attached to remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose exact names and exact remuneration and the breakdown of remuneration in the forms of salary, bonus or other benefits received by the top five Key Management Personnel of the Group during FY2020. Accordingly, the aggregate remuneration paid to the top five Key Management Personnel for FY2020 will also not be provided in the Annual Report.

The following information relates to the remuneration received by the top five Key Management Personnel of the Group from the Company and its subsidiaries for FY2020 in the bands of S$250,000 without the disclosure of exact names:

	Number of Key Executives	
Remuneration Band	**2020**	**2019**
Below S$250,000	1	1

8.2 Mr Du Junqi, being the Director of the Company, is immediate family members defined under the Listing Manual of SGX-ST. Save as disclosed, there were no employees who are immediate family members of a director or CEO, and whose remuneration exceeds S$100,000 during FY2020.

8.3 The Company does not have a long-term incentive scheme, share option scheme or share award scheme within the Group.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Guidelines **Corporate Governance Practices**

9.1 The Board acknowledges the ultimate responsibility for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board approves the strategy of the Group in a manner which stakeholders' expectations are addressed and does not expose the Group to an unacceptable level of risk determined by the Board.

The Board after the recommendation of the AC approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

The Board together with the AC oversee the Group's risk management framework and policies, pursuant to which, their roles and responsibilities including but not limiting to the following:–

(1) To propose the risk governance approach and risk policies for the Group;
(2) To review the risk management methodology adopted by the Group;
(3) To review the strategic, financial, operational, regulatory compliance, information technology and other emerging risks relevant to the Group identified by Management; and
(4) To review Management's risk assessment and Management's action plans to mitigate such risks.

In FY2020, the Management carried out an annual review of the Group's key risks and the effectiveness of the key internal controls of the Group.

9.2 The Board has received assurance from the CEO and CFO that, as at 30 June 2020, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of Group's operations and finances.

The Board has also received assurance from the CEO and the key management personnel responsible for risk management and internal control systems that, as at 30 June 2020, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 30 June 2020 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee ("AC") which discharges its duties objectively.

Guidelines **Corporate Governance Practices**

10.1 The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel of the Group, to enable them to discharge its functions properly.

The AC has full access to Management and full discretion to invite any Director and officer to attend AC meetings held from time to time.

The key responsibilities of the AC include but not limited to the following:–

(1) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the Group and the announcements relating to the Group's financial performance;
(2) To review the assurance from the CEO and the Group CFO on the financial records and financial statements;
(3) To review scope, audit plans and reports of the external auditor and the internal auditor;
(4) To review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management system;

(5) To review interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST;
(6) To review and recommend to the Board of the release of the unaudited half-year financial results and unaudited full year financial results;
(7) To review and recommend the re-appointment of the external auditor, and approve the remuneration of the external auditor;
(8) To oversee co-ordination where more than one auditing firm or auditing corporation is involved in the Group's external audit;
(9) To review the independence of the external auditor annually;
(10) To review all non-audit services provided by the external auditor to determine if the provision of such services will affect the independence of the external auditor; and
(11) To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Each member of the AC will abstain from voting on any resolution and making any recommendation or participating in any deliberations of the AC in respect of matters concerning him, if any.

The AC has reviewed the non-audit services provided by the external joint auditors, BDO Limited, Certified Public Accountants ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants ("BDO LLP") and is satisfied that the non-audit services will not affect the independence and objectivity of BDO Limited and BDO LLP as external auditor of the Company.

The AC has also considered the performance of BDO Limited and BDO LLP based on factors such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Company's and the Group's audit as well as the size and complexity of the Company and of the Group. Accordingly, the AC has recommended the re-appointment of BDO Limited and BDO LLP as external joint auditors of the Company for the ensuing year. The aggregate amount of fees paid to external joint auditors is disclosed in page 66 of the Annual Report.

For FY2020, there were no non-audit fees paid to the external joint auditors and the AC is satisfied with the independence and objectivity of BDO Limited and BDO LLP.

The AC, together with the external joint auditors and the Management, considered and discussed the Key Audit Matters included in the auditors' report. The AC concurs with the basis included in the Key Audit Matters. For more information on the Key Audit Matters, please refer to pages 29 to 31 of the Annual Report.

The Group has complied with Rule 712 of the Listing Manual of SGX-ST for FY2020.

The AC has adopted a whistle-blowing policy pursuant to which an appropriate channel has been established for the Group's employees to report and to raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters of the Group through emails.

The whistle-blowing policy was last reviewed by the AC in September 2020 to ensure that the Group's whistle-blowing policy staying relevant and reaching out to the Group's employees.

During FY2020, the key activities carried out by AC included but is not limited to:

(1) Reviewed and recommended unaudited half-year financial results and unaudited full year financial results to the Board for approval;
(2) Reviewed annual audit plans and reports presented by the internal auditor and external auditor;
(3) Received and discussed with the external auditor on the changes of International Financial Reporting Standards that may have a direct impact on the Group's financial statements ahead of the effective dates;
(4) Reviewed re-appointment of the external auditor and determining its independence before making a recommendation for Board's approval;
(5) Reviewed and reported to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management system;
(6) Reviewed interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST; and
(7) Reviewed the Group's audited financial statements with Management and external auditor of the Company. Accordingly, the AC is of the view that the Group's financial statements for FY2020 are fairly presented in conformity with relevant International Financial Reporting Standards in all material aspects.

10.2 The members of the AC of the Company are:–

Mr Mark Leong Kei Wei (Chairman)
Mr Lee Ying Shin
Mr Koh Kew Siong

The AC comprises entirely Non-Executive and Independent Directors.

Each of them has extensive knowledge and experience in the fields of corporate finance, law and business. The Board is of the view that the AC members are appropriately qualified in discharging their duties and responsibilities and are capable of exercising sound and independent judgement in view of their requisite expertise and experience.

10.3 None of the members of the AC is a partner or director of the Group's auditing firms or auditing corporations or was a former partner or former director of the Group's auditing firms or auditing corporations. None of them has any financial interest in the Group's auditing firms or auditing corporations.

10.4 The Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte. Ltd. ("Nexia"). Nexia is a corporate member of the Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The internal audit function primary line of reporting would be to the AC.

Nexia carry out their internal audit functions based on work plan agreed with the AC, where different aspects of internal control are reviewed for each year, and also take into consideration key risk facts identified. Neixa have submitted a report dated 19 May 2020 to the AC, reporting, *inter alia*, that (i) having performed the system review procedures of the Company's internal controls and (ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company system of internal controls or measures, they did not identify any significant deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems.

	The Company cooperates fully with Nexia in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.
10.5	In performing its functions, the AC reviews the overall scope of both internal audit and external audit, and the assistance and resources given by Management to the internal auditor and the external auditor. The AC also meets with the internal auditor and the external auditor annually after the conclusion of each financial year, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, positions and prospects.

Guidelines	Corporate Governance Practices
11.1	The shareholders of the Company are entitled to receive notice of general meetings, annual report, offer information statement or circulars, whichever is applicable via mail. Such documents are also made available at SGXNET. To facilitate shareholders to exercise their ownership rights, the Board ensures adequate and material information concerning to the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST are released to SGX-ST through SGXNET in a timely and fair manner. All resolutions put forth at general meetings to be voted are by a poll and the results of each resolution is announced at general meetings and released subsequently to SGX-ST.
11.2	Resolutions on each distinct issue are tabled separately at general meetings. For resolutions tabled under special business, a descriptive explanation of the effects of a resolution will be disclosed in the notice of general meeting.
11.3	The Chairmen of the AC, NC and RC are available to address shareholders' questions at general meetings like Annual General Meetings and Extraordinary General Meetings. The Management will be present to facilitate in addressing shareholders' queries at general meetings. All the Directors (other than Ms Lee Ying Shin, Mr Koh Kew Siong and Mr Mark Leong Kei Wei who were appointed as Directors after the last Annual General Meeting) were present at the last Annual General Meeting held on 25 October 2019. The external auditor of the Company will also be present at the Annual General Meeting of the Company to address any shareholders' queries that they may have on the consolidated audited financial statements of the Group.
11.4	Individual shareholders and corporate shareholders, who are unable to attend general meetings of the Company, are entitled to appoint not more than two proxies to vote on their behalf at the general meetings of the Company.

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 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.

11.5 The proceedings of general meetings, including questions and answers exchanged among the Board, the Management and the shareholders, will be recorded in minutes and made available to the shareholders of the Company upon their request.

11.6 The Company currently does not have a fixed dividend policy. The dividend that the Directors of the Company may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors of the Company:–

(1) the level of the earnings of the Group;
(2) the financial condition of the Group;
(3) the projected levels of the Group's capital expenditure and other investment plans;
(4) the restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any); and
(5) other factors as the Directors of the Company may consider appropriate.

It is noted that there was no dividend declared to the shareholders of the Company for FY2019.

The Company has decided not to recommend any dividend for FY2020 at the forthcoming Annual General Meeting of the Company as working capital is required for the Group's business activities.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company communicates regularly with its shareholders and facilitates the participation of shareholder during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Guidelines	**Corporate Governance Practices**
12.1 to 12.3	The Board is committed to maintain a high standard of corporate governance by disclosing to its stakeholders, including its shareholders and investors, with adequate and material information concerning the Group's business development in accordance with disclosure requirements of the Listing Manual of the SGX-ST through SGXNET to SGX-ST in a timely and fair manner.

The Board is mindful of its obligation to provide adequate and timely disclosure of all material and price-sensitive information to SGX-ST through SGXNET.

The announcements, including but not limiting to the Group's unaudited financial results for each of the first quarter, half-year, the Group's unaudited full year financial results, and the material updates of the Group's business development prepared in accordance with disclosure requirements of the Listing Manual of the SGX-ST are also released through SGXNET in a timely manner.

CORPORATE GOVERNANCE REPORT

Following the amendments to Rule 705 of the Listing Manual which took effect as of 7 February 2020, the Board has, after due deliberations (including taking into consideration, *inter alia*, the compliance efforts required in connection therewith), decided not to continue with quarterly reporting of the Company and the Group's unaudited financial statements, and instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Listing Manual.

The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.

The corporate profile and announcements of the Company are also available at www.lct-holdings.com.

The Company does not practice selective disclosure as the relevant material and price-sensitive information are released to SGX-ST through SGXNET in a timely and fair manner.

The shareholders of the Company, including institutional investors and retail investors, are encouraged to attend general meetings, especially Annual General Meeting which serves as the primary channel to express their views and raise their questions regarding the Group's businesses and prospects.

In addition, the Management will address shareholders' questions and concerns in respect of the Group's businesses should they approach the Company through emails or calls.

The Annual General Meeting of the Company serves as the primary channel for the Management to solicit and collate the views of the shareholders of the Company, including institutional investors and retail investors. The Company also through its external investor relations firm engages shareholders, institutional investors and retail investors at analyst briefings or investors roadshow on occasional basis.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Guidelines	**Corporate Governance Practices**
13.1	The Company's engagement with its material stakeholders is set out in the Sustainability Report will be announced by 30 November 2020.
13.2	The Company's efforts on sustainability are focused on creating sustainable value for key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors.
13.3	The Company maintains a corporate website at www.lct-holdings.com to communicate and engage stakeholders.

DEALINGS IN SECURITIES

The Group has adopted an internal policy on securities transactions which provide a guidance to Directors and officers of the Group. Under this internal policy, Directors and officers of the Group are not permitted to deal in the Company's securities, while in possession of unpublished price-sensitive information and for the periods commencing one (1) month before the release of announcement of the Group's unaudited half-year and full year financial results till the release of announcement; and they are not expected to deal in the securities of the Company on short-term considerations.

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.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy outlining procedures for review and approval of the interested person transactions entered into between the Company and the interested persons. All interested person transactions are subject to the review by the AC. The AC reviews each transaction to determine that it is on normal commercial terms, and hence, not prejudicial to the interest of the Company and shareholders, before making its recommendation to the Board for approval.

The Company does not have a shareholders' mandate for interested person transactions. The Company confirms that the aggregate value of all interested person transactions during FY2020 is less than S$100,000/-.

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 controlling 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 shareholders of the Company together with the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 and the statement of financial position of the Company as at 30 June 2020.

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 2020 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 9 October 2020.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr. Du Junqi (Chairman and Chief Executive Officer)
Mr. Tao Qiang
Mr. Deng Hua
Ms.Lee Ying Shin
Mr. Koh Kew Siong
Mr. Mark Leong Kei Wei

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.

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				
Ordinary shares of US$0.20 each				
Mr. Deng Hua	-	-	888,479	888,479
Mr. Tao Qiang	-	-	940,434	940,434

The directors' interests in the shares of the Company at 21 July 2020 were the same at 30 June 2020.

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.

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The AC performed the functions as detailed in the Group's Corporate Governance Report. The members of the Audit Committee ("AC") are as follows:

Mr Mark Leong Kei Wei (Chairman)
Ms Lee Ying Shin
Mr Koh Kew Siong

Mr. Leong, Ms. Lee and Mr. Koh are Non-Executive and Independent Directors.

7. INDEPENDENT AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong ("BDO Limited") and BDO LLP, Public Accountants and Chartered Accountants, Singapore ("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

……..................................
Mr. Du Junqi

……..................................
Mr. Tao Qiang

9 October 2020

INDEPENDENT JOINT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LCT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of LCT Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 34 to 96, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020;
- 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;
- the statement of changes in equity of the Company for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 30 June 2020 and of its consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group, and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("HKICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements, and the ACRA Code and the HKICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Fair value measurement of investment property

Key Audit Matter

As at 30 June 2020, the Group's investment property, held by a subsidiary in the People's Republic of China, is carried at fair value which amounted to approximately RMB132,000,000.

Management, assisted by an external valuation specialist (the "Management Expert"), determined the fair value of the investment property using a combination of income and direct comparison approach.

We have determined the valuation of the investment property to be a key audit matter as significant judgements are involved in evaluating the appropriateness of the valuation methodology, and assessing the reasonableness of the key underlying assumptions used by the valuer, particularly relating to the significant unobservable inputs.

Related Disclosures

Refer to notes 3.7, 4 and 15 of the accompanying consolidated financial statements.

Audit Response

Our audit procedures included amongst others, the following:

- Obtaining valuation report of the investment property and holding discussion with the Management Expert to understand their valuation methodology;

- Critically assessing the key assumptions on significant unobservable inputs, including the market monthly rental rate and the market unit sale rate;

- Engaging an independent valuer as the auditor's expert to evaluate reasonableness of valuation methodology and the key assumptions;

- Evaluating the professional competence, capabilities, and objectivity of the Management Expert and the auditor's expert which included considering the valuer's experience and qualification in assessing similar investment property; and

- Evaluating the adequacy of the disclosures in the financial statements.

2. Impairment assessment of goodwill and intangible assets

Key Audit Matter

As at 30 June 2020, the carrying amount of the Group's goodwill and intangible assets amounted to approximately RMB1,388,000 and RMB467,000 respectively.

In accordance with IAS 36 Impairment of Assets, the Group is required to test goodwill and intangible assets for impairment annually or more frequently if there is any indication that the cash-generating unit ("CGU") to which the goodwill and intangible assets have been allocated may be impaired.

Management, assisted by the Management Expert, performed an impairment assessment over the goodwill and intangible assets carrying amount by applying the value-in-use (discounted cash flow forecast) approach to determine the recoverable amount of the CGU. Any shortfall between the recoverable amount and the carrying amount of the CGU would be recognised as an impairment loss.

We have determined impairment assessment of goodwill and intangible assets to be a key audit matter as the impairment assessment involved significant management judgements and estimates with regard to the key assumptions used in estimating the discounted future cash flows, such as the revenue growth rates, terminal growth rate, and discount rate.

Related Disclosures

Refer to notes 3.8, 3.9, 3.10, 4, 13 and 14 of the accompanying consolidated financial statements.

Audit Response

Our audit procedures included amongst others, the following:

- Evaluating management's process in determining the recoverable amount of the CGU, including the process in deriving the key estimates for revenue growth rate, terminal growth rate, and discount rate;

- Obtaining valuation report of the value-in-use calculation and holding discussion with the Management Expert to understand their valuation methodology;

- Performing sensitivity analysis around the key assumptions, including the revenue growth rate, terminal growth rate, and discount rate used in the discounted cash flow forecast;

- Engaging an independent valuer as the auditor's expert to evaluate reasonableness of valuation methodology and the key assumptions;

- Evaluating the professional competence, capabilities, and objectivity of the Management Expert and the auditor's expert which included considering the valuer's experience and qualification in assessing similar assets; and

- Evaluating the adequacy of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2020 annual report, but does not include the financial statements and our joint auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT JOINT AUDITOR'S REPORT

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent joint auditors' report are Khoo Gaik Suan and Lo Ngai Hang.

BDO LLP
Public Accountants and Chartered Accountants
Singapore

9 October 2020

BDO Limited
Certified Public Accountants
Hong Kong

9 October 2020

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	5	**20,644**	12,777
Cost of sales		**(2,703)**	(2,655)
Gross profit		**17,941**	10,122
Other gains and losses	5	**5,175**	8,752
Administrative expenses		**(17,138)**	(8,483)
Finance costs		**(1,021)**	-
Profit before income tax	7	**4,957**	10,391
Income tax expense	8	**(2,980)**	(3,810)
Profit for the year		**1,977**	6,581
Profit attributable to:			
- Owners of the Company		**1,527**	6,581
- Non-controlling interests		**450**	-
		1,977	6,581
Earnings per share attributable to owners of the Company	9		
Earnings per share (RMB cents)			
- Basic and diluted		**4.33**	18.67

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
Profit for the year		**1,977**	6,581
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation:			
- Group		**1,860**	989
Other comprehensive income for the year, net of tax amounting to RMB NIL (2019: RMB NIL)		**1,860**	989
Total comprehensive income for the year		**3,837**	7,570
Total comprehensive income attributable to:			
- Owners of the Company		**3,387**	7,570
- Non-controlling interests		**450**	-
		3,837	7,570

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June 2020

	Notes	Group		Company	
		2020	2019	**2020**	2019
		RMB'000	RMB'000	**RMB'000**	RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	11	**581**	653	**-**	-
Intangible assets	13	**467**	700	**-**	-
Goodwill	14	**1,388**	1,388	**-**	-
Interests in subsidiaries	12	**-**	-	**126,867**	128,183
Investment property	15	**132,000**	128,000	**-**	-
Restricted bank deposits	16	**47,433**	-	**-**	-
		181,869	130,741	**126,867**	128,183
Current assets					
Cash and cash equivalents	16	**45,229**	51,662	**714**	332
Financial assets of fair value through profit or loss	17	**200**	2,950	**-**	-
Trade receivables	18	**1,587**	-	**-**	-
Other receivables and prepayment	19	**394**	552	**68**	37
		47,410	55,164	**782**	369
Current liabilities					
Trade and other payables	20	**18,452**	20,771	**1,237**	1,195
Bank borrowing - current	21	**4,000**	-	**-**	
Lease liabilities	11A	**7**	-	**-**	-
Income tax payables		**159**	-	**-**	-
		22,618	20,771	**1,237**	1,195
Net current assets/(liabilities)		**24,792**	34,393	**(455)**	(826)
Non-current liabilities					
Bank borrowing	21	**35,500**	-	**-**	-
Deferred tax liabilities	22	**17,988**	15,798	**-**	-
		53,488	15,798	**-**	-
Net assets		**153,173**	149,336	**126,412**	127,357
EQUITY					
Share capital	24	**65,608**	65,608	**65,608**	65,608
Treasury shares	25	**(90,042)**	(90,042)	**(90,042)**	(90,042)
Reserves	26	**176,704**	173,317	**150,846**	151,791
Equity attributable to owners of the Company		**152,270**	148,883	**126,412**	127,357
Non-controlling interests		**903**	453	**-**	**-**
Total equity		**153,173**	149,336	**126,412**	127,357

Du Junqi
Director

Deng Hua
Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Notes	2020 RMB'000	2019 RMB'000
Cash flow from operating activities			
Profit before income tax		**4,957**	10,391
Adjustments for:			
Interest income of bank deposits		**(338)**	(195)
Loan interest income		**-**	(260)
Interest expenses	27	**1,021**	-
Net fair value gain for financial assets at fair value through profit or loss		**(180)**	(88)
Depreciation of property, plant and equipment	11	**206**	156
Depreciation of right-of-use assets	11	**77**	-
Amortisation of intangible assets		**233**	-
Written off property, plant and equipment, net	11	**-**	2
Fair value gain on investment property	15	**(4,000)**	(8,000)
Foreign exchange difference		**242**	(192)
Operating cash flows before movements in working capital		**2,218**	1,814
Increase in trade receivables		**(1,587)**	-
Decrease in other receivables and prepayment		**158**	40
Decrease in trade payables		**(704)**	-
Increase in other payables and trade deposits received from customers		**945**	504
Cash generated from operations		**1,030**	2,358
Income tax paid		**(631)**	-
Net cash generated from operating activities		**399**	2,358
Cash flow from investing activities			
Interest received		**338**	455
Purchase of property, plant and equipment		**(128)**	(97)
Interest received from financial assets at fair value through profit or loss		**180**	88
Acquisition of a subsidiary, net of cash acquired	33	**(2,560)**	(310)
Proceeds from disposal of financial assets at fair value through profit or loss		**76,650**	4,100
Acquisition of financial assets of fair value through profit or loss		**(73,900)**	(4,100)
Advance to a third party		**13,450**	56,215
Settlement from a third party		**(13,450)**	(56,215)
Net cash generated from investing activities		**580**	136
Cash flow from financing activities			
Interest element of lease rentals paid	27	**(1)**	-
Interest paid on bank borrowing	27	**(1,020)**	
Proceeds from bank borrowing	27	**41,500**	-
Placement of restricted bank deposits		**(46,741)**	-
Repayment of bank borrowing	27	**(2,000)**	
Repayment of lease liabilities	27	**(76)**	-
Net cash used in financing activities		**(8,338)**	-
Net (decrease)/increase in cash and cash equivalents		**(7,359)**	2,494
Cash and cash equivalents at the beginning of year	16	**51,662**	47,744
Effect of foreign exchange rates changes, net		**926**	1,424
Cash and cash equivalents at the end of year	16	**45,229**	51,662

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020

Group

	Equity attributable to owners of the Company							
	Share capital RMB'000 (Note 24)	Treasury shares RMB'000 (Note 25)	Share premium* RMB'000 (Note 26)	Translation reserve* RMB'000 (Note 26)	Retained earnings* RMB'000 (Note 26)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2018	65,608	(90,042)	138,818	(62,404)	89,333	141,313	-	141,313
Profit for the year	-	-	-	-	6,581	6,581	-	6,581
Other comprehensive income								
- Currency translation	-	-	-	989	-	989	-	989
Total comprehensive income for the year	-	-	-	989	6,581	7,570	-	7,570
Acquisition of a subsidiary (Note 33)	-	-	-	-	-	-	453	453
Balance at 30 June 2019 and 1 July 2019	65,608	(90,042)	138,818	(61,415)	95,914	148,883	453	149,336
Profit for the year	-	-	-	-	1,527	1,527	450	1,977
Other comprehensive income								
- Currency translation	-	-	-	1,860	-	1,860	-	1,860
Total comprehensive income for the year	-	-	-	1,860	1,527	3,387	450	3,837
Balance at 30 June 2020	65,608	(90,042)	138,818	(59,555)	97,441	152,270	903	153,173

* These reserve accounts comprise the consolidated reserves of approximately RMB176,704,000 (2019: RMB173,317,000) in the consolidated statement of financial position.

The accompanying notes form an integral part of these financial statements.

Company

	Share capital RMB'000 (Note 24)	Treasury shares RMB'000 (Note 25)	Share premium* RMB'000 (Note 26)	Translation reserve* RMB'000 (Note 26)	Retained earnings* RMB'000 (Note 26)	Total RMB'000
Balance at 1 July 2018	**65,608**	**(90,042)**	**138,818**	**(69,702)**	**82,696**	**127,378**
Loss for the year	-	-	-	-	(4,942)	(4,942)
Other comprehensive income						
- Currency translation	-	-	-	4,921	-	4,921
Total comprehensive income for the year	-	-	-	4,921	(4,942)	(21)
Balance at 30 June 2019 and 1 July 2019	65,608	(90,042)	138,818	(64,781)	77,754	127,357
Loss for the year	-	-	-	-	(4,693)	(4,693)
Other comprehensive income						
- Currency translation	-	-	-	3,748	-	3,748
Total comprehensive income for the year	-	-	-	3,748	(4,693)	(945)
Balance at 30 June 2020	**65,608**	**(90,042)**	**138,818**	**(61,033)**	**73,061**	**126,412**

* These reserve accounts comprise the Company's reserve of approximately RMB150,846,000 (2019: RMB151,791,000) in the Company's statement of financial position.

The accompanying notes form an integral part of these financial statements.

1. GENERAL INFORMATION

LCT Holdings Limited (the "Company") is incorporated in Bermuda with its principal place of business at Floor 9, Building No. 2, Lane 399, Shengxia Road, Pudong District, Shanghai 201210, 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 12 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 34 to 96 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 2019

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 2019.

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 12, Income Taxes

The impact of the adoption of IFRS 16 Leases have been summarised below. The other new or amended IFRSs that are effective from 1 July 2019 did not have any significant impact on the Group's accounting policies.

<u>IFRS 16 – Leases</u>

(i) Impact of the adoption of IFRS 16

IFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces IAS 17 "Leases" ("IAS 17"), IFRIC-Int 4 "Determining whether an Arrangement contains a Lease" ("IFRIC-Int 4"), (SIC)-Int 15 "Operating Leases-Incentives" and (SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from IAS 17. For details of IFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under IFRS 16, please refer to section (ii) to (v) of this note.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(a) Adoption of new/revised IFRSs effective on 1 July 2019 (Continued)

IFRS 16 – Leases (Continued)

(i) Impact of the adoption of IFRS 16 (Continued)

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019. As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments by applying IFRS 16.C8(b)(ii) transition. The adoption of IFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The following tables summarised the impact of transition to IFRS 16 on statement of financial position as of 30 June 2019 to that of 1 July 2019 as follows (increase/(decrease)):

		Group	
	As 30 June 2019 under IAS 17 RMB'000	Effect of adoption of IFRS 16 (Increase/ (decrease)) RMB'000	At 1 July 2019 under IFRS 16 RMB'000
Right-of-use assets (note 11A)	-	83	83
Lease liabilities (note 27)	-	83	83

The following reconciliation explains how the operating lease commitments disclosed applying IAS 17 at the end of 30 June 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 July 2019:

	Group **RMB'000**
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 30 June 2019 (note 28(ii))	84
Less: future interest expenses	(1)
Total lease liabilities as of 1 July 2019	83

(ii) The new definition of a lease

Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (i) the right to obtain substantially all of the economic benefits from use of the identified asset and (ii) the right to direct the use of the identified asset.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(a) Adoption of new/revised IFRSs effective on 1 July 2019 (Continued)

IFRS 16 – Leases (Continued)

(ii) The new definition of a lease (Continued)

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under IAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under IFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but IFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(a) Adoption of new/revised IFRSs effective on 1 July 2019 (Continued)

IFRS 16 – Leases (Continued)

(iii) Accounting as a lessee (Continued)

Right-of-use asset (Continued)

The Group also has leased a property under tenancy agreement which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the property under tenancy agreement is carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under IFRS 16 for a lessor is substantially unchanged from the requirements under IAS 17, the adoption of IFRS 16 does not have significant impact on these financial statements.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(a) Adoption of new/revised IFRSs effective on 1 July 2019 (Continued)

IFRS 16 – Leases (Continued)

(v) Transition

As mentioned above, the Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019. As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments. The adoption of IFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The Group has recognised the lease liabilities at the date of 1 July 2019 for leases previously classified as operating leases applying IAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 July 2019.

The Group has elected to recognise all the right-of-use assets at 1 July 2019 for leases previously classified operating leases under IAS 17 as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied IAS 36 Impairment of Assets at 1 July 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 July 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 July 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) IFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 and (ii) not to apply IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC-Int4.

IFRIC 23 – Uncertainty over Income Tax Treatments

This Interpretation provides guidance on how to apply IAS 12, Income taxes when there is uncertainty over whether a tax treatment will be accepted by the tax authority.

Under the Interpretation, the key test is whether it is probable that the tax authority will accept the entity's tax treatment. If it is probable, then the entity should measure current and deferred tax consistently with the tax treatment in its tax return. If it is not probable, then the entity should reflect the effect of uncertainty in its accounting for income tax by using the "expected value" approach or the "the most likely amount" approach – whichever better predicts the resolution of the uncertainty and in that case the tax amounts in the financial statements will not be the same as the amounts in the tax return. The Group applied this interpretation retrospectively with the cumulative effect of initially applying this interpretation as an adjustment to the opening retained earnings as at 1 July 2019. There is no material impact to the previously recognised income taxes and deferred taxes.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(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.

Amendments to IAS 1	Classification of Liabilities as Current and Non-current[5]
Amendments to IFRS 3	Definition of a Business[1]
Amendments to IFRS 3	Reference to Conceptual Framework[4]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]
IFRS 9, IAS 39 and IFRS 7	IFRS Taxonomy 2019: Interest Rate Benchmark Reform[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	COVID-19 – Related Rent Concessions[3]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[4]
Amendments to IAS 37	Onerous Contract-Cost of Fulfilling a Contract[4]

Amendments References to the Conceptual Framework in IFRS Standards[1]
Annual Improvement to IFRS Standards 2018-2020[4]

1 Effective for annual periods beginning on or after 1 January 2020
2 The amendments were originally intended to be effective for periods beginning on or after 1 April 2018. The effective date has now been deferred / removed. Early application of the amendments continue to be permitted.
3 Effective for annual periods beginning on or after 1 June 2020
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023

Amendments to IFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IAS 1 and IAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all IFRS Standards and the Conceptual Framework, and incorporating supporting requirements in IAS 1 into the definition.

Amendments to IFRS 9, IAS 39 and FRS 7 - Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

(b) New/revised IFRSs that have been issued but are not yet effective (Continued)

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to IFRS 16: Covid-19-Related Rent Concessions

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. IFRS 16 was amended to provide a new practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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 investment property 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3.4 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 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.

3.5 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 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.

Electricity fee income

The income being provision of electricity to customers, there is generally one performance obligation. The Group has determined that the customer simultaneously receives and consumes electricity. Thus, the Group concludes that the revenue shall be recognised over time.

Professional service income

The Group has determined that for contracts with customers under professional services, being provision of information technology consultancy services, there is generally one performance obligation. The Group has determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs. Thus, the Group concludes that the revenue shall be recognised over time.

Upon the adoption of IFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group shall recognise a contract asset.

Interest income

Interest income is accrued on time-proportion basis, by reference to the principal outstanding and using the effective interest rate method.

Provision of IT solutions

Customers obtain control of the goods when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the goods and completion of the project. There is generally one performance obligation as these are negotiated, priced and invoiced as one product and the installation and configuration forms an integral part of completing the project. Invoices are generally payable within 7 to 90 days.

3.6 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment (Continued)

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

Leasehold improvements	1 to 5 years
Machinery and equipment	5 years
Office equipment and computers	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Fully depreciated assets still in use are retained in the financial statements.

3.7 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.

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 valuer, with sufficient experience with respect to both the location and the nature of the investment property.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Goodwill

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 3.10), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3.9 Intangible assets (other than goodwill)

(i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Customers list	3 years

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 3.10).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of non-financial assets

Property, plant and equipment, goodwill, intangible assets, and interests in subsidiaries are subject to impairment testing.

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.

3.11 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL") transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial Instruments (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value with fair value changes being recognised in profit or loss and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and other payables, accruals and deposits received and amounts due to related companies are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12A Leasing (accounting policies applied from 1 July 2019)

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Accounting as a lessee

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. The useful life of right-of-use asset is over the terms of the lease of 2 years. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12A Leasing (accounting policies applied from 1 July 2019) (Continued)

Accounting as a lessee (Continued)

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: (i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases 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 the straight-line basis over the lease term.

3.12B Leasing (accounting policies applied until 30 June 2019)

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.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Income tax (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 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 and excludes restricted bank deposits.

3.15 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.

3.16 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 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.

3.18 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 Company, who are the chief operating decision maker, are determined following the Group's business lines.

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, 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.

3.19 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other income".

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 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.

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 are 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 judgements made in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements except as follows:

Impairment assessment of non-trade amount due from subsidiaries

At each reporting date, management determines whether there is change in credit risk of the subsidiaries since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of the subsidiaries. There is no significant increase in credit risk as at 30 June 2020.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurement of investment property

Investment property is 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.

The fair value measurement of investment property 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).

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

(b) Key sources of estimation uncertainty (Continued)

Fair value measurement of investment property (Continued)

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 detail information in relation to the fair value measurement of the investment property, please refer to note 15.

Estimated impairment of non-financial assets

Determining whether non-financial assets are impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the years ended 30 June 2020 and 2019, no impairment loss on goodwill has been recognised. Further details are set out in notes 13 and 14.

5. REVENUE, OTHER GAINS AND LOSSES

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and
- enable users to understand the relationship with revenue segment information provided in Note 6 to the financial statements.

	Group	
	2020	2019
	RMB'000	RMB'000
Type of Revenue		
Rental income derived from investment property	**10,903**	10,227
Recognised over time:		
Professional services income	**7,141**	-
Electricity fee income	**1,895**	2,550
Recognised at point in time:		
Provision of IT solutions	**705**	-
	20,644	12,777

5. REVENUE, OTHER GAINS AND LOSSES (Continued)

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

Other gains and losses

	Group	
	2020	2019
	RMB'000	RMB'000
Interest income		
- Bank deposits	**338**	195
- Loan	**-**	260
- Interest from financial assets at fair value through profit or loss	**180**	88
Fair value change in investment property (Note 15)	**4,000**	8,000
Other operating expenses	**-**	(5)
Foreign exchange difference, net	**-**	192
Other income		
- Government grant	**111**	-
- Forfeited deposits	**546**	-
- Others	**-**	22
	5,175	8,752

6. SEGMENT INFORMATION

(a) Segment revenue and results

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The segments are managed separately as each business offers different services and requires different business strategies. The following are the Group's has two reportable segments as follow:

(i) Property investment;
(ii) Provision of professional services (new segment)

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

6. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

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

For the year ended 30 June 2020

	Property investment	Provision of professional services	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
Revenue from other sources:			
- Rental income	10,903	-	10,903
Revenue from contracts with customer within the scope of IFRS 15:			
- Electricity fee income	1,895	-	1,895
- Professional service income	-	7,141	7,141
- Provision of IT solution	-	705	705
	12,798	7,846	20,644
Depreciation and amortisation	185	331	516
Fair value changes of investment property	4,000	-	4,000
Segment results	3,164	2,296	5,460
Interest income			518
Interest expenses			(1,021)
Income taxes			(2,980)
Profit for the year			1,977

6. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the year ended 30 June 2019

	Property investment RMB'000	Total RMB'000
Segment revenue		
Revenue from other sources:		
- Rental income	10,227	10,227
Revenue from contracts with customer within the scope of IFRS 15:		
- Electricity fee income	2,550	2,550
	12,777	12,777
Depreciation	156	156
Fair value changes of investment property	8,000	8,000
Segment results	9,848	9,848
Interest income		543
Income taxes		(3,810)
Profit for the year		6,581

No geographical information is presented as all the Group's operations are located in the PRC. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment.

(b) Information about major customers

For the year ended 30 June 2020, there were three (2019: one) customers with whom transactions exceeded 10% of the Group's total revenue. Revenue derived from property investment and provision of professional services customers were approximately RMB10,144,000 (2019: approximately RMB4,077,000 from the segment of property investment).

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Group	
	2020	2019
	RMB'000	RMB'000
Cost of sales		
Direct expenses incurred for generating rental income derived from investment property	**2,039**	2,504
Direct expenses incurred for generating service income	**664**	-
Administrative expenses		
Auditors' remuneration of the Company		
- Audit services	**641**	617
- Non-audit services	**-**	-
Amortisation of intangible assets	**233**	-
Depreciation of:		
- Property, plant and equipment	**206**	156
- Right-of-use assets	**77**	-
Written off of property, plant and equipment	**-**	2
Employee benefits expense (including directors' remuneration and defined contribution plans)	**5,921**	2,174
Defined contribution plans	**863**	203
Directors' remuneration (excluding directors' fees)	**1,711**	1,285
Directors' fees	**914**	714
Interest expense		
- bank borrowing	**1,020**	-
- lease liabilities (note 11A)	**1**	-
Exchange difference, net	**242**	-
Minimum lease payments under operating leases recognised as an expense	**-**	7

8. INCOME TAX EXPENSE

Income tax expense in profit or loss represents:

	Group	
	2020	2019
	RMB'000	RMB'000
Current tax		
- Current year	**790**	-
Deferred tax (note 22)		
- Current year	**2,190**	3,878
- Under provision of deferred tax assets in prior years	**-**	(68)
	2,980	3,810

In accordance with the China enterprise income tax law, enterprise income tax rates for domestic and foreign enterprises are unified at 25% (2019: 25%). 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.

8. INCOME TAX EXPENSE (Continued)

No income tax has been provided by the Company as the Company did not derive any assessable profits during the year (2019: RMB nil).

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

	Group	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**4,957**	10,391
Tax at the applicable rate of 25% (2019: 25%)	**1,239**	2,598
Tax effect of non-allowable items	**2,086**	1,390
Tax effect on non-taxable revenue items	**(233)**	(56)
Effects of different tax rates of overseas operations	**216**	(21)
Under provision of deferred tax assets in prior years	**-**	(68)
Tax concession	**(342)**	-
Others	**14**	(33)
Tax expense for the year	**2,980**	3,810

9. EARNINGS PER SHARE

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	
	2020	2019
	RMB'000	RMB'000
Profit for the year attributable to the owners of the Company	**1,527**	6,581

The denominator used for earnings per share is the weighted average number of ordinary shares of in issue, after adjusting the effect of treasury shares held by the Company.

The weighted average number of ordinary shares for the year ended 30 June 2020 is 35,244,520 (2019: 35,244,520).

Diluted earnings per share are the same as basic earnings per share for the years ended 30 June 2020 and 2019 since the Company did not have any dilutive potential ordinary shares outstanding during both years.

10. DIRECTORS' REMUNERATION

For the years ended 30 June 2020 and 2019, the remuneration of the directors of the Company analysed into the following bands is disclosed in compliance with Guidelines 9 of the Listing Manual of the SGX-ST:

Year ended 30 June 2020

	Group Executive directors	 Non-executive directors	 Total
Below S$250,000 (equivalent to approximately below RMB1,264,000)	**2**	**6**	**8**
S$250,000 to below S$500,000 (equivalent to approximately RMB1,264,000 to approximately RMB2,528,000)	**-**	**-**	**-**
Above S$500,000 (equivalent to approximately above RMB2,528,000)	**-**	**-**	**-**
	2	**6**	**8**

Year ended 30 June 2020 (By directors)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors				
Mr. Du Jun qi	-	828	60	888
Mr. Tao Qiang	-	540	-	540
Non-Executive Directors				
Mr. Deng Hua	238	15	-	253
Independent Non-Executive Directors				
Mr. David Hwang Soo Chin	118	124	-	242
Mr. See Yen Tarn	118	124	-	242
Ms. Lee Ying Shin	164	10	-	174
Mr. Koh Kew Siong	138	5	-	143
Mr. Mark Leong Kei Wei	138	5	-	143
	914	1,651	60	2,625

10. DIRECTORS' REMUNERATION (Continued)

Year ended 30 June 2019

	Group		
	Executive directors	Non-executive directors	Total
Below S$250,000 (equivalent to approximately below RMB1,249,000)	**2**	**3**	**5**
S$250,000 to below S$500,000 (equivalent to approximately RMB1,249,000 to approximately RMB2,498,000)	**-**	**-**	**-**
Above S$500,000 (equivalent to approximately above RMB2,498,000)	**-**	**-**	**-**
	2	**3**	**5**

Year ended 30 June 2019 (By directors)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total emoluments RMB'000
Executive Directors				
Mr. Du Jun qi	-	690	14	704
Mr. Tao Qiang	33	416	-	449
Non-Executive Directors				
Mr. Deng Hua	211	55	-	266
Independent Non-Executive Directors				
Mr. David Hwang Soo Chin	235	55	-	290
Mr. See Yen Tarn	235	55	-	290
	714	1,271	14	1,999

11. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold improvements RMB'000	Properties leased for own use RMB'000	Machinery and equipment RMB'000	Office equipment and computers RMB'000	Total RMB'000
At 1 July 2018					
Cost	868	-	81	97	1,046
Accumulated depreciation	(233)	-	(73)	(69)	(375)
Net carrying amount	**635**	**-**	**8**	**28**	**671**
Year ended 30 June 2019					
Opening net carrying amount	635	-	8	28	671
Additions	-	-	-	97	97
Addition through acquisition of a subsidiary (Note 31)	-	-	-	43	43
Written off	-	-	-	(2)	(2)
Depreciation	(138)	-	-*	(18)	(156)
Closing net carrying amount	**497**	**-**	**8**	**148**	**653**
At 30 June 2019 and 1 July 2019					
Cost	868	-	81	221	1,170
Effect on adoption of IFRS 16	-	83	-	-	83
Accumulated depreciation	(371)	-	(73)	(73)	(517)
Restated net carrying amount as at 1 July 2019	**497**	**83**	**8**	**148**	**736**
Year ended 30 June 2020					
Restated opening carrying amount	**497**	**83**	**8**	**148**	**736**
Additions	-	-	-	128	128
Depreciation	(139)	(77)	-*	(67)	(283)
Closing net carrying amount	358	6	8	209	581
At 30 June 2020					
Cost	868	83	81	349	1,381
Accumulated depreciation	(510)	(77)	(73)	(140)	(800)
Net carrying amount	**358**	**6**	**8**	**209**	**581**

*Denotes a figure less than RMB1,000

11A. LEASES – GROUP

The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. The net carrying amount of the Group's right-of-use assets included in property, plant and equipment as at 1 July 2019 and 30 June 2020 is classified as properties leased for own use and carried at depreciated cost. This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

	30 June 2020 RMB'000	1 July 2019 RMB'000
Right-of-use assets		
Properties leased for own use, carried at depreciated cost	6	83
Lease liabilities		
Current	7	76
Non-current	-	7
	7	83

There was no addition to the right-of-use assets during the year ended 30 June 2020.

(ii) Amounts recognised in the consolidated statement of comprehensive income

	2020 RMB'000
Depreciation of right-of-use assets: properties leased for own use	77
Interest on lease liabilities	1

The total cash outflow for leases for the year ended 30 June 2020 was RMB77,000.

(iii) The Group's leasing activities and how these are accounted for

The Group lease an office. Rental contract is typical made for fixed periods of 13 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than security interests in leased assets that are held by the lessor. Leased asset is not used as security for borrowing purposes.

11A. LEASES – GROUP (Continued)

The maturity lease liabilities of the Group are as follows:

	Contractual undiscounted cash flows 30 June 2020 RMB'000	Future interest expense 30 June 2020 RMB'000	Present value of lease liabilities 30 June 2020 RMB'000
Not later than one year	7	-	7
Later than one year and not later than two years	-	-	-
Later than two years and not later than five years	-	-	-
Later than five years	-	-	-
Presented as current liabilities in consolidated statement of financial position	7	-	7

As at 30 June 2020, the incremental borrowing rate applied in the lease was 2.10%.

The Group's lease liabilities was secured over the leased premise.

12. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	2020 RMB'000	2019 RMB'000
Unquoted equity shares, at cost	**-***	-*
Amounts due from subsidiaries (note)	**126,867**	128,183
	126,867	128,183

*Denotes a figure less than RMB1,000

Note:

As at 30 June 2018, management re-assessed that the settlement of the amounts due from subsidiaries are neither planned nor likely to occur in the foreseeable future and the directors considered that the amounts forms part of the net investment in the subsidiaries and accordingly, the amounts were re-classified as non-current assets from current assets.

12. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY (Continued)

Details of the Company's subsidiaries at 30 June 2020 and 2019 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	
LC International Pte. Ltd. ("LC International")	Singapore	2 shares of USD1 each	100% (2019: 100%)	- (2019:-)	Investment holding
龙飞(西安)实业有限公司 ("Longfei Industrial") (note (i))	China	Registered capital of USD5,000,000	- (2019:-)	100% (2019: 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	- (2019:-)	100% (2019: 100%)	Property investment
Longcheer Technology (India) Pvt. Limited (notes (i), (ii))	India	2,500,000 shares of INR 10 each	- (2019:-)	100% (2019: 100%)	Inactive
LC Technology (Singapore) Pte. Ltd (note (i))	Singapore	1,000,100 shares of SGD1 each	- (2019:-)	100% (2019: 100%)	Research and experimental development
龙醍企业管理咨询(上海)有限公司 (Longti Corporate Management Consultation (Shanghai) Limited)* (note (i))	China	Registered capital of USD500,000	- (2019:-)	100% (2019:-)	Property management
上海熹云信息技术服务有限公司 (Shanghai Xiyun Information Technology Services Co., Ltd.)* ("Xiyun")	China	Registered capital of RMB1,000,000	- (2019:-)	80% (2019:-)	Providing professional and investment consultancy services

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

Notes:

(i) As at 30 June 2020 and 2019, these companies are not undertaking any significant business activities and their accounting transactions are minimal.

(ii) On 29 October 2019, the company was stuck off by law in India. However, the company was not completely closed down as the management still need to complete the winding up procedures, including closure of bank account.

The financial statements of the Company's subsidiaries are audited/reviewed by BDO Limited, Certified Public Accountants ("BDO Limited") for Group consolidation purpose.

13. INTANGIBLE ASSETS – GROUP

	Customers list RMB'000	Total RMB'000
Cost		
As at 1 July 2018	-	-
Addition through business combination (Note 33)	700	700
As at 30 June 2019 and 30 June 2020	**700**	**700**
Accumulated amortisation and impairments		
As at 1 July 2018, 30 June 2019 and 1 July 2019	-	-
Amortisation for the year	233	233
As at 30 June 2020	**233**	**233**
Net carrying amount		
As at 30 June 2020	**467**	**467**
As at 30 June 2019	**700**	**700**

14. GOODWILL – GROUP

	2020 RMB'000	2019 RMB'000
As at 1 July	1,388	-
Acquisition of a subsidiary (Note 33) (note)	-	1,388
As at 30 June	**1,388**	1,388

Note:

Goodwill arises from acquisition of a subsidiary on 27 June 2019 (note 33) and it is solely allocated to the CGU, namely Xiyun, and together with the intangible assets comprising customers list (note 13) in the same business combination and related to the same CGU, for the purpose of impairment testing.

The recoverable amounts of the CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2%.

	2020	2019
Discount rate	**17.00%**	17.00%
Operating margin	**10.85-11.18%**	6.39-10.65%
Growth rate within the five –year period	**(5.00)-5.00%**	3.00-10.00%

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience. Based on the above assessment, management has concluded that impairment is not required. For reasonable changes made in the assumptions mentioned above, the management has assessed that the carrying amount will not exceed the recoverable amount.

15. INVESTMENT PROPERTY – GROUP

	2020 RMB'000	2019 RMB'000
At 30 June	**132,000**	128,000

Investment property, which are held under leasehold interest, represent 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 (2019: 2057).

The investment property held by the Group as at 30 June 2020 and 2019 is as follow:

Name of property	Description	Fair value 2020 RMB'000	Fair value 2019 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 meter.	**132,000**	128,000

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and IFRS 13 Fair Value Measurement guidance.

For valuations performed by independent professional valuer, the management reviews the appropriateness of the valuation methodologies and assumptions adopted including reliability of the inputs used in the valuations.

Investment property was revalued on 30 June 2020 by APAC Asset Valuation and Consulting Limited (2019: Same), an independent firm of professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

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.

	2020 RMB'000	2019 RMB'000
Opening balance (level 3 recurring fair value)	**128,000**	120,000
Fair value change recognised in profit or loss	**4,000**	8,000
Closing balance (level 3 recurring fair value)	**132,000**	128,000

Fair value for the years ended 30 June 2020 and 2019 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%

15. INVESTMENT PROPERTY – GROUP (Continued)

Notes:

a) Income approach

Fair value determined by applying the income approach took into account the future net earnings that the investment property will generate 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 property.

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

Significant unobservable inputs	**2020** Range	2019 Range
Adjusted market monthly rental rate taking into account of individual factors such as size, scale, nature, character, location, etc. (RMB/sq. meter)	**65 to 66**	55 to 62
Capitalisation rate	**7.70%**	7.75% to 8.25%

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 information as available in the markets, where comparison is made based on adjusted asking prices of comparable properties.

Significant unobservable inputs	**2020** Range	2019 Range
Market unit sale rate taking into account of individual factors such as size, scale, nature, character, location, etc. (RMB/sq. meter)	**10,674 to 11,824**	9,500 to 10,000

A significant increase/(decrease) in the market unit sale rate would result in a significant increase/(decrease) in fair value of the investment property.

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.

16. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

	Group		Company	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**45,229**	23,971	**714**	332
Short-term deposits	**47,433**	27,691	**-**	-
	92,662	51,662	**714**	332
Less: Restricted bank deposits	**(47,433)**	-	**-**	-
Cash and cash equivalents per consolidated statement of cash flows	**45,229**	51,662	**714**	332

The carrying amounts of these cash and deposit balances approximate their fair values due to the short term maturity of these financial assets.

Bank balances bear interest rate at a range of 0.0% to 0.3% (2019: 0.0% to 0.3%) per annum. Short-term deposits bear interest ranging from 0.50% to 1.85% (2019: 2.5%) per annum with tenures of 3 months (2019: 3 months).

As at 30 June 2020, the restricted bank deposits at USD6,700,000 (equivalent to RMB47,433,000) was pledged to Shanghai Rural Commercial Bank as guarantee to the bank borrowing (note 21).

As at 30 June 2020, certain companies of the Group which are located in China had cash and deposit balances denominated in RMB amounting to approximately RMB4,673,000 (2019: RMB18,353,000) which are deposited with financial institutions in China, and are not freely convertible into foreign currencies.

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

	Group		Company	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollar ("SGD")	**750**	490	**506**	207
United States dollar ("USD")	**2,656**	2,752	**208**	-

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS - GROUP

	2020	2019
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
- Debt instruments (note)	**200**	2,950

Note:

During the year ended 30 June 2019, the Group acquired a debt instrument through the acquisition of Xiyun (Note 33) on 27 June 2019.

17. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP (Continued)

Notes (Continued):

The instruments are investment fund trading in a bank in PRC. The investment is carried at fair value, which is a level 1 recurring fair value measurement at market quoted yield.

	2020	2019
	RMB'000	RMB'000
At 1 July	**2,950**	-
Acquired through business combination (level 1 recurring fair value)	**-**	2,950
Addition	**73,900**	4,100
Disposal	**(76,650)**	(4,100)
At 30 June (level 1 recurring fair value)	**200**	2,950

18. TRADE RECEIVABLES – GROUP

For service income, the Group allows an average credit period of 90 days to its trade customers.

The ageing analysis of trade receivables, based on invoice date, as of the end of reporting period are as follows:

	2020	2019
	RMB'000	RMB'000
Current or less than 1 month	**955**	-
1 to 3 months	**632**	-
At 30 June	**1,587**	-

19. OTHER RECEIVABLES AND PREPAYMENT

	Group		**Company**	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables	**283**	501	**-**	-
Prepayment	**111**	51	**68**	37
	394	552	**68**	37

At each reporting date, the Group reviews other receivables for evidence of impairment on both an individual and collective basis. No impairment loss on other receivables was recognised during the year ended 30 June 2020 (2019: RMB Nil).

The fair value of the other receivables approximate their carrying amounts due to the short term maturity of these receivables.

19. OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENT (Continued)

Ageing analysis of other receivables that are not considered to be impaired is as follows:

	Group		Company	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Neither past due nor impaired	**283**	501	**-**	-
Past due:				
Not more than 3 months past due	-	-	**-**	-
More than 3 months but not more than 6 months	-	-	**-**	-
More than 6 months but not more than 1 year	-	-	**-**	-
More than 1 year	-	-	**-**	-
	-	-	**-**	-
	283	501	**-**	-

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables (note (a))	**-**	704	**-**	-
Accruals	**1,976**	2,087	**545**	526
Other payables – purchases of property, plant and equipment and additions to investment property	**10,862**	10,862	**-**	-
Other payables – receipt in advance*	**1,293**	1,111	**-**	-
Other payables – refundable deposits received from tenants	**3,089**	2,709	**-**	-
Other payables - contingent consideration (note (b))	**-**	2,560	**-**	-
Other payables - others	**1,232**	738	**692**	669
	18,452	20,771	**1,237**	1,195

*The receipt in advance will be recognised as revenue in the subsequent period.

20. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) Included in trade and other payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	Group 2019 RMB'000	**Company** 2019 RMB'000
Current or less than 1 month	564	-
1 to 3 months	-	-
More than 3 months but less than 12 months	140	-
More than 12 months	-	-
	704	-

The fair value of trade and other payables excluding contingent consideration and receipt in advance approximate their carrying amount due to the short term maturity of these financial liabilities.

(b) The balance represents contingent consideration payable for acquisition of Xiyun. In according to the sale and purchase agreement ("Agreement"), the total consideration for the acquisition of Xiyun shall be paid in cash in two tranches. The first tranche of RMB640,000 was paid by the Group in June 2019 (Note 33) and the second tranche is subject to amendment based on the net profit after tax ("NPAT") of Xiyun for the year ending 31 December 2019. If the NPAT of Xiyun for the year ending 31 December 2019 is less than RMB800,000, the second tranche will adjust downward with reference to the formula mentioned in the Agreement.

The contingent consideration was revalued by APAC Asset Valuation and Consulting Limited, an independent firm of professional valuer. The fair value of contingent consideration is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2020 **RMB'000**	2019 RMB'000
Opening balance	**2,560**	-
Recognise of contingent consideration at fair value (level 3 recurring fair value)	**-**	2,560
Payment during the year	**(2,560)**	-
Closing balance (level 3 recurring fair value)	**-**	2,560

20. TRADE AND OTHER PAYABLES (Continued)

Notes (Continued):

(b) Fair value is determined by applying the scenarios analysis by took into account the probabilities of future profit. The fair value measurement is negative correlated to the probability of the existent of conservative scenario.

Scenario		2019 Probabilities
1.	Aggressive	10%
2.	Base	80%
3.	Conservative	10%

A significant increase in the probability of conservative scenario would result in a significant decrease in fair value of contingent consideration.

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

	Group		Company	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD	**-**	325	**-**	-

21. BANK BORROWING

	2020	2019
	RMB'000	RMB'000
Current		
Bank borrowing	**4,000**	-
Non-current		
Bank borrowing	**35,500**	-

Note:

The bank borrowing is guaranteed by restricted bank deposits amounting to RMB47,433,000 (equivalent to USD6,700,000) (2019: nil) as disclosed in Note 16, and personal guarantee from a director of the Company.

The bank borrowing is repayable by 20 instalments till 7 January 2030 and bear interest at loan prime rate plus 0.6% per annum. The effective interest is 5.40% per annum.

21. BANK BORROWING (Continued)

At 30 June 2020, total current and non-current bank borrowing was scheduled to repay as follows:

	RMB'000
On demand or within one year	4,000
More than one year, but not exceeding two years	4,000
More than two years, but not exceeding five years	12,000
After five years	19,500
	39,500

22. DEFERRED TAX – GROUP

Movements in deferred tax assets and liabilities during the year are as follows:

	Revaluation of investment property RMB'000	Fair value adjustment on intangible assets RMB'000	Tax losses RMB'000	Total RMB'000
At 1 July 2018	12,373	-	(560)	11,813
Acquisition of a subsidiary (Note 33)	-	175	-	175
Charge to profit or loss	3,250	-	560	3,810
At 30 June 2019 and 1 July 2019	15,623	175	-	15,798
Charge/(credit) to profit or loss	2,248	(58)	-	2,190
At 30 June 2020	**17,871**	**117**	**-**	**17,988**

As at 30 June 2020, the Group has deferred tax liabilities arising from fair value change on investment property and acquired intangible assets through acquisition of a subsidiary amounting to approximately RMB17,871,000 (2019: RMB15,623,000) and RMB117,000 (2019: RMB RMB175,000) respectively. Under the current tax legislation, tax losses can be carried forward for five years since the year the loss is incurred. The Group has no unrecognised tax losses as at 30 June 2020.

23. 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 Ms. Lee Ying Shin, Mr. Koh Kew Siong and Mr. Mark Leong Kei Wei (2019: Mr. David Hwang Soo Chin, Mr. See Yen Tarn and Mr. Deng Hua).

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.

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.

23. SHARE-BASED PAYMENTS (Continued)

(b) Share award plan (Continued)

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").

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.

23. 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. No Awards were granted during the year ended 30 June 2020 (2019: RMB nil).

24. SHARE CAPITAL

	Group and Company			
	2020	2019	**2020**	2019
	Number of ordinary shares of USD0.2 each	**USD0.2 each**	**Nominal amount**	
Authorised	**250,000,000**	250,000,000	**USD50,000,000**	USD50,000,000
Issued and paid up at end of year	**39,666,395**	39,666,395	**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.

25. TREASURY SHARES

	Group and Company			
	2020		2019	
	Number of shares	**Cost of acquisition RMB'000**	Number of shares	Cost of acquisition RMB'000
Balance brought forward and carried forward	**4,421,875**	**90,042**	4,421,875	90,042

Notes:

(a) The Company acquired its own shares in the open market which are held as treasury shares.

26. 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.

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 that of the Group's presentation currency.

Retained earnings

The retained earnings represent all other net gains and losses and transactions with owners not recognised elsewhere.

27. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

There were no major non-cash transactions during the year.

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities (note 11A) RMB'000	Bank borrowing (note 21) RMB'000
At 1 July 2018 and 30 June 2019	-	-
Initial adoption of IFRS 16 at 1 July 2019	83	-
Changes from cash flows:		
Proceeds from bank borrowing	-	41,500
Placement of restricted bank deposits	-	-
Repayment of bank borrowing	-	(2,000)
Repayment of lease liabilities	(76)	-
Interest paid	(1)	(1,020)
Total change from financing cash flows:	(77)	38,480
Other changes:		
Interest expenses	1	1,020
Total other changes	1	1,020
At 30 June 2020	7	39,500

28. COMMITMENTS

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

(i) Capital commitment

The Company and the Group did not have any capital commitment as at 30 June 2020 and 30 June 2019.

(ii) Commitments under operating leases

As lessee

The Group leases an office property under operating lease arrangements. Leases for office property is typically negotiated for term of one to two years, with an option for renewal after expiry at which time all terms may be renegotiated. None of the above lease includes contingent rental. The total future minimum lease payments as at 30 June 2019 are as follow:

	Group
	2019
	RMB'000
Within one year	77
In the second to fifth year inclusive	7
	84

The Group has initially applied IFRS 16 using the cumulative effect approach and adjusted the opening balance at 1 July 2019. Upon the adoption of IFRS 16, amount of all lease commitment have been recognised as lease liabilities.

The Company did not have any commitments as at 30 June 2020 (2019: Nil).

As lessor

The Group leases its investment property under operating lease arrangements for terms ranging from one to five years (2019: 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	
	2020	2019
	RMB'000	RMB'000
Within one year	**10,871**	9,922
In the second to fifth year inclusive	**14,038**	18,895
	24,909	28,817

29. 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 2020 amounted to approximately RMB152,270,000 (2019: RMB148,883,000), which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group and the Company are not subject to any externally imposed material capital requirements for the financial years ended 30 June 2020 and 2019.

30. 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 SGD, USD and RMB. Certain other receivables, other payables and cash and deposit balances of the Group are denominated in SGD and USD which are not the functional currencies of the Group entities to which these balances related and the Group is therefore exposed to foreign currency risk. To the extent possible, exposure to foreign exchange risks are managed as far as possible 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:

	2020 SGD RMB'000	**2020 USD RMB'000**	2019 SGD RMB'000	2019 USD RMB'000
Monetary assets	**750**	**2,656**	490	2,752
Monetary liabilities	**(4,217)**	**-**	(325)	-
	(3,467)	**2,656**	165	2,752

30. 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 currencies SGD and USD of a 6% (2019: 6%) (strengthening)/weakening of SGD and USD against RMB at the reporting date would (decrease)/increase the Group's profit after tax for the year by the amount shown below.

	2020		2019	
	Appreciation of foreign currency against RMB	**Effect on profit after tax RMB'000**	Appreciation of foreign currency against RMB	Effect on profit after tax RMB'000
SGD	6%	(167)	6%	10
USD	6%	120	6%	165

As the Company does not have exposure to foreign currency risk, the Company's income and operating cash flows are substantially independent of changes in foreign currency rates.

(ii) Fair value and cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate. The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate.

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.

Fair value and cash flow interest sensitivity analysis

The Group analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging.

Based on the simulations performed, if the RMB-interest rates had been higher/ lower by 0.10%, with all variable including tax rate being held constant, the profit after tax would have been lower/ higher by RMB14,000.

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 2020 and 2019, none of the Group's financial assets are secured by collateral.

The Group performs ongoing credit evaluation of its customers' financial positions. Impairment loss allowance is based upon a review of the expected collectability of all receivables and other forward-looking factors. The management has assessed that trade and other receivables are subject to insignificant expected credit losses.

The Group's bank balances are deposited with reputable banks located in Hong Kong, PRC, Singapore and India, with credit ratings ranging from AA- to BBB+ including the aggregate bank balance of approximately RMB29,625,000 (2019: RMB2,865,000) maintained with a reputable bank in Singapore. Impairment of bank balances has been measured based on 12 months expected credit loss model. At the reporting date, the Group did not expect any credit losses from non-performance by counterparties.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. Management has taken into account the available internal information on these subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of change in credit risk on the amounts due from the subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as settlement of the amounts due would be made upon realisation of certain investments of these subsidiaries, hence, the Company's management has assessed that the amount due from these subsidiaries are subject to insignificant expected credit losses.

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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	**2020**					
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Over 1 year RMB'000**
Trade payables	-	-	-	-	-	-
Accruals	1,976	1,976	1,976	-	-	-
Other payables	15,183	15,183	15,183	-	-	-
Bank borrowing	39,500	49,999	-	511	5,483	44,005
Lease liabilities (note 11A)	7	7	-	7	-	-
	56,666	67,165	17,159	518	5,483	44,005

Group	**2019**					
	Carrying amount RMB'000	**Total contracted undiscounted cash flow RMB'000**	**On demand RMB'000**	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**Over 1 year RMB'000**
Trade payables	704	704	704	-	-	-
Accruals	2,087	2,087	2,087	-	-	-
Other payables	16,869	16,869	16,869	-	-	-
	19,660	19,660	19,660	-	-	-

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Company

	2020				
	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000
Accruals	**545**	**545**	**545**	**-**	**-**
Other payables	**692**	**692**	**692**	**-**	**-**
	1,237	**1,237**	**1,237**	**-**	**-**

	2019				
	Carrying amount RMB'000	Total contracted undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000
Accruals	526	526	526	-	-
Other payables	669	669	669	-	-
	1,195	1,195	1,195	-	-

(v) 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	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Financial assets at FVTPL	**200**	2,950	**-**	-
Financial assets at amortised cost				
- Trade receivables	**1,587**	-	**-**	-
- Other receivables	**283**	501	**-**	-
- Cash and deposit balances	**45,229**	51,662	**714**	332
- Restricted bank deposits	**47,433**	-	**-**	-
	94,732	55,113	**714**	332

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Summary of financial assets and liabilities by category (continued)

Financial liabilities	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Financial liabilities at fair value through profit or loss				
- Contingent consideration payable	-	2,560	-	-
Financial liabilities measured at amortised cost				
- Trade payables	-	704	-	-
- Lease liabilities	7	-	-	-
- Accruals	1,976	2,087	545	526
- Other payables – purchases of property, plant and equipment and additions to investment property	10,862	10,862	-	-
- Other payables – refundable deposits received from tenants	3,089	2,709	-	-
- Other payables – others	1,232	738	692	669
- Bank borrowing	39,500	-	-	-
	54,666	17,100	1,237	1,195
	54,666	19,660	1,237	1,195

31. 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:

Compensation of directors and key management personnel

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

	Group	
	2020 RMB'000	2019 RMB'000
Directors of the Company		
- Short-term benefits	2,565	1,985
- Post-employment benefits	60	14
Other key management personnel		
- Short-term benefits	245	259
- Post-employment benefits	45	65
	2,915	2,323

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

32. DIVIDENDS

No dividend was paid or proposed during the years ended 30 June 2020 and 30 June 2019.

33. BUSINESS ACQUISITON

On 27 June 2019, Longfei Industrial, a wholly-owned subsidiary of the Company, completed the acquisition of the 80% equity interest in Xiyun from two independent third parties (the "Vendor") for an aggregate maximum cash consideration of RMB3,200,000 (the "Acquisition"). The principal business of Xiyun is engaged in provision of professional and investment consultancy services to customers in the PRC.

Further details of the above transactions are set out in the Company's announcements dated 6 June 2019 and 27 June 2019.

The fair value of the identifiable assets and liabilities of Xiyun as at the date of Acquisition and the corresponding carrying amounts immediately before the Acquisition are as follows:

	RMB'000
Property, plant and equipment	**43**
Intangible assets	**700**
Financial assets at fair value through profit or loss	**2,950**
Cash and cash equivalents	**330**
Trade and other payables	**(1,555)**
Income tax payable	**(28)**
Non-controlling interests	**(453)**
Deferred tax liabilities recognised upon fair value adjustments	**(175)**
Net assets acquired	**1,812**
Consideration:	
- Cash	**640**
- Contingent consideration (Note 20(b))	**2,560**
Less: Net asset acquired	**(1,812)**
Goodwill (Note 14)	**1,388**
Net cash outflow arising on the Acquisition:	
Cash consideration paid	**(640)**
Cash and cash equivalents acquired	**330**
	(310)

The Acquisition of Xiyun is for the diversification of the Group's business and the managements considered goodwill arising from the Acquisition is attributable to the knowledge and experience of the management of Xiyun which is valuable to the development and expansion of the professional and investment consultancy services business. The goodwill is not deductible for tax purposes.

Revenue generated by Xiyun since the date of its Acquisition up to 30 June 2019 amounted to RMB Nil and it made an operating profits of RMB Nil during that period. Had the Acquisition taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year would have been approximately RMB18,803,000 and RMB11,182,000 respectively. The transaction costs of this business acquisition are not material.

34. SUBSEQUENT EVENTS

(a) Since the outbreak of the 2019 Novel Coronavirus ("COVID-19") began in January 2020 in PRC, the Group has actively taken measures to implement the regulations and requirements posted by the local governments on coronavirus epidemic prevention and control.

The temporary economic slowdown from the COVID-19 outbreak has not materially affected the Group's businesses in Xi'an and Shanghai. Based on the latest financial information subsequent to the year end, revenue was down approximately 10% on the same period in the prior year. This is mainly due to the following reasons:

(i) the Group's property management company in Xi'an have adopted strict management and service measures in accordance with the requirements of the Government, so that the investment property was approved to reopen on time by the Government after the Chinese New Year holiday;

(ii) the lessees of the investment property are engaged in public utility related technology research and development, distance education support, and network technology research and development. These industries are encouraged for development by the local government and therefore, under the COVID-19 situation, most of the lessees' businesses were not affected, and none of the lessees requested for rent reduction or delay in rental payment;

(iii) with the improvement of municipal facilities, transportation and regional advantages in Xi'an have been enhanced and the lessees also hope to maintain a long-term cooperative relationship with the Group; and

(iv) Xiyun was not greatly affected as 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.

As at the date of this report, the Group is unable to quantify the financial impact for FY2021 as COVID-19 outbreak is still affecting business and economic activities. The Group is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing administrative cost, including staff costs and professional fees, closely and monitoring its cash flows tightly over this period.

The Group will continuously monitor the development of the COVID-19 outbreak, market condition and adjust its strategy in response to the situation 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. Save as disclosed above, there are no other matters that would result in a significant adverse impact on the Group's results and financial position as at the reporting date as result of the COVID-19.

34. SUBSEQUENT EVENTS (Continued)

(b) On 16 September 2020, the Company announced that CEL Impetus Corporate Finance Pte. Ltd. for and on behalf of Superior Partners Limited (the "Offeror"), a company wholly owned by Dr. Du Junhong, a substantial shareholder of the Company, intends to make a voluntary conditional cash offer (the "Offer") for all the issued and paid-up ordinary shares in the capital of the Company, including those owned, controlled or agreed to be acquired by the parties acting or presumed to be acting in concert with the Offeror in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "Code").

On 21 September 2020, the Board of Director of the Company appointed an independent financial adviser ("IFA") to advise the directors of the Company who are considered independent for the purposes of the Offer under the Code ("Independent Directors"). A circular (the "Offeree Circular") containing, inter alia, the advice of the IFA and the recommendation of the Independent Directors in respect of the Offer will be sent by the Company to the Shareholders within 14 days from the date of despatch of the Offer Document to be issued by the Offeror. As at the date of this report, the preparation of Offeree Circular is still in progress. For details of the Offer and appointment of IFA, please refer to the Company's announcements dated 16 September 2020, 21 September 2020 and 6 October 2020.

35. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 9 October 2020.

STATISTICS OF SHAREHOLDINGS

As at 18 September 2020

No. of authoirsed 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	1.04	591	0.00
1,00 - 1,000	930	48.29	610,479	1.73
1,000 - 10,000	839	43.56	2,986,131	8.47
10,001 - 1,000,000	132	6.85	7,686,323	21.81
1,000,001 and above	5	0.26	23,960,996	67.99
TOTAL :	**1,926**	**100.00**	**35,244,520**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	12,383,442	35.14
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,168,300	14.66
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,410,037	6.84
4	CITIBANK NOMINEES SINGAPORE PTE LTD	2,323,917	6.59
5	UOB KAY HIAN PRIVATE LIMITED	1,675,300	4.75
6	LONGPARTNER INVESTMENT LIMITED	938,072	2.66
7	NG HIAN CHOW	882,000	2.50
8	HONG LEONG FINANCE NOMINEES PTE LTD	596,900	1.69
9	ABN AMRO CLEARING BANK N.V.	595,550	1.69
10	TANG JIPING	528,859	1.50
11	HUANG BAOJIA	335,000	0.95
12	DBSN SERVICES PTE. LTD.	181,450	0.51
13	TAN HUI LIANG OR TAN HWEE KHENG	164,700	0.47
14	LINDA TEO GEOK CHIN (LINDA ZHANG YUQING)	116,500	0.33
15	CHONG CHIE SENG @PETER CHONG	93,500	0.27
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	92,000	0.26
17	KWAN WAI LOEN	87,000	0.25
18	PHUAY YONG HEN	80,600	0.23
19	CHUA BUAN LING ALICIA (CAI MANLIN)	77,600	0.22
20	TAN TONG LEONG	70,070	0.20
	TOTAL	**28,800,797**	**81.71**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

As at 18 September 2020, approximately 69.23% 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 18 September 2020
(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[4]	-	-	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 by way of electronic means on Thursday, 29 October 2020 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 2020 together with the Independent Joint Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Bye-laws:

Mr Tao Qiang	(Retiring pursuant to Bye-Law 86(1))	**(Resolution 2)**
Ms Lee Ying Shin	(Retiring pursuant to Bye-Law 85(6))	**(Resolution 3)**
Mr Koh Kew Siong	(Retiring pursuant to Bye-Law 85(6))	**(Resolution 4)**
Mr Mark Leong Kei Wei	(Retiring pursuant to Bye-Law 85(6))	**(Resolution 5)**

Ms Lee Ying Shin, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered Independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Koh Kew Siong, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered Independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Mark Leong Kei Wei, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and will be considered Independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

3. To approve the payment of Directors' fees of S$202,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears (2020: S$155,000). **(Resolution 6)**

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 7)**

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

(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, and

(c) any subsequent bonus issue, consolidation or subdivision of Shares, and

Adjustments in accordance with (ii)(a) or (ii)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(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 8)

By Order of the Board

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

Singapore, 9 October 2020

Explanatory Note to Resolution to be passed –

(i) The Ordinary Resolution 8 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.

Please read the following notes and the explanations of the resolutions before deciding how to vote.

Appointment of Proxy and Voting

(a) In compliance with the Order and the Joint Guidance, a Shareholder who wishes to vote at the Meeting can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the Meeting. If no specific direction as to voting is given, the Chairman of the Meeting will vote or abstain from voting at his/her discretion. All valid votes cast via proxy on each resolution will be counted.

(b) Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore)), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

(c) The instrument appointing a proxy must be deposited by post to the office of the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services (Pte). Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 and must be received by the Company not less than 48 hours before the time appointed for holding the AGM. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

(d) 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) for the purpose of the processing and administration by the Company (or its agents) 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) recordings and transmitting images and/or voice recordings when broadcasting the AGM proceedings through webcast, and in order for the Company (or its agents) 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), 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) 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.

Website

The Company's website, *https://agm.conveneagm.com/lctagm2020* provides more information about the Company including the latest Annual Report, the Letter, the Notice of AGM and the Proxy Form.

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).

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Du Junqi and Mr Deng Hua are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 October 2020 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Date of Appointment	20 August 2004	01 November 2019	17 December 2019	30 December 2019
Date of last re-appointment	30 October 2017	N.A	N.A	N.A
Age	52	40	53	44
Country of principal residence	China	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tao Qiang for re-appointment as an Executive Director of the Company. The Board have reviewed and concluded that Mr Tao Qiang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Lee Ying Shin for re-appointment as a Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Ms Lee Ying Shin possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Koh Kew Siong for re-appointment as a Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Mr Koh Kew Siong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“**NC**”) and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Mark Leong Kei Wei for re-appointment as a Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Mr Mark Leong Kei Wei possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
Whether appointment is executive, and if so, the area of responsibility	Executive	Non- Executive	Non- Executive	Non- Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, member of Audit Committee, Remuneration and Nominating Committees	Independent Director, Chairman of Remuneration Committee and a member of Audit and Nominating Committees	Independent Director, Chairman of Audit Committee and a member of Remuneration Committee
Professional qualifications	Bachelors of Economics (Audit)	Bachelors of Economics (Economics, Finance)	Advocate & Solicitor	Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA)
Working experience and occupation(s) during the past 10 years	August 2004 to Present – LCT HOLDINGS LIMITED, Fonder and Directors	Managing Director – Knight Frank Shanghai Global Process Lead – GE APAC Real Estate Leader – GE Global Property Leader – GE Digital	May 2008 to January 2011 – Associate Director with Drew & Napier February 2011 to December 2012 – Partner with Harry Elias Partnership LLP December 2012 to September 2014 – Partner with Colin Ng & Partners LLP September 2014 to present – Consultant with Virtus Law LLP LLP	November 2017 – August 2020 SBI Offshore Limited, Chief Operating Officer 2017 - February 2018 CNMC Pulai Mining Sdn Bhd, Corporate Advisor April 2013 - Present Avalon Capital Pte Ltd, Founder January 2016 to February 2017

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
				Pulai Mining Sdn Bhd, Executive Director May 2012 - March 2013 Colossus Holdings Pte Ltd, Vice President - Finance & Investment January 2010 - April 2012 Atos Wellness Ltd, Chief Development Officer October 2007 - December 2009 Kreuz International Pte Ltd, Chief Financial Officer
Shareholding interest in the listed issuer and its subsidiaries	940,434 – Deemed interest	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of Interest (including any competing business)	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#	NIL	NIL	<u>Principal Commitment</u> Council Member of Singapore Leong Khay Huay Kuan Trustee of Singapore Leong Khay Huay Kuan Eduction Trust <u>Directorship</u> Quanzhou Hengwei Construction Material Co., Ltd.	LMIRT Management Ltd – the manager of Lippo Malls Indonesia Retail Trust, Independent Director and Chairman of Audit Committee MDR Limited, Lead Independent Director and Chairman of the Audit Committee KLW Holdings Limited, Independent Director and Chairman of the Audit Committee
Past (for the last 5 years)	NIL	NIL	Digiland International Limited	Advance SCT Ltd Pulai Mining Sdn Bhd T8 Investments Pte Ltd Cosmo Consortium Pte Ltd Cosmo Real Estate Pte Ltd East Indonesia Mining Pte Ltd PT Selatan Arc Mineral

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
				RBV Energy (Singapore) Pte Ltd Ma Ji Xie (Tian Jin) Co, Ltd. Fan Ma Fang Zhi (Tian Jin) Co, Ltd. Solar Energy Investments Pte Ltd Sumberjaya Land & Mining Sdn Bhd
Present	Nanjing Hai Zhi Yuan Yu Le Co., Ltd. Jiangsu Qrun Technology Co., Ltd.	NIL	NIL	Avalon Partners Pte Ltd Top Mining Ltd MDR Limited Cytomed Therapeutics (Malaysia) Sdn Bhd KLW Holdings Limited Ascendance Limited LMIRT Management Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
c) whether there is any unsatisfied judgment against him?	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
d) whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–				

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

	MR TAO QIANG	MS LEE YING SHIN	MR KOH KEW SIONG	MR MARK LEONG KEI WEI
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

This page has been intentionally left blank.

Designed
& Produced by
+65 6880 2828 Xpress

LCT Holdings Limited

LCT HOLDINGS LIMITED
Floor 9, Building No. 2, Lane 399, Shengxia Road, Pudong District, Shanghai, China 201210
Tel: +86 21 5866 5588 E-mail: secretary@lct-holdings.com