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LC Group Holdings Limited

良斯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2016

The board (the “Board”) of directors (the “Directors”) of LC Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred hereafter as the “Group”) for the six months ended 31 March 2016, together with the comparative unaudited figures for the six months ended 31 March 2015 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 31 March 2016

		Six months ended 31 March	
	<i>Notes</i>	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
Revenue	4	61,950	59,459
Cost of sales		(42,091)	(36,198)
Gross profit		19,859	23,261
Other revenue and other gains	5	1,096	621
Other operating expenses		(629)	(670)
Administrative expenses		(10,156)	(12,756)
Profit before taxation	6	10,170	10,456
Taxation	7	(1,552)	(2,583)
Profit and total comprehensive income for the period		<u>8,618</u>	<u>7,873</u>
Attributable to:			
Owners of the Company		8,618	8,178
Non-controlling interests		–	(305)
Profit and total comprehensive income for the period		<u>8,618</u>	<u>7,873</u>
Earnings per share:			
Basic and diluted (HK cents)	8	<u>1.7</u>	<u>2.2</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	As at 31 March 2016 <i>HK\$'000</i> Unaudited	As at 30 September 2015 <i>HK\$'000</i> Audited
Non-current asset			
Property, plant and equipment		<u>1,093</u>	<u>1,775</u>
Current assets			
Trade receivables	10	8,076	29,399
Amounts due from customers for contract work	11	292	448
Deposits, prepayments and other receivables		5,826	2,022
Cash and bank balances		<u>143,843</u>	<u>130,565</u>
		<u>158,037</u>	<u>162,434</u>
Current liabilities			
Trade payables	12	2,985	15,067
Amounts due to customers for contract work	11	4,908	2,210
Accrued expenses and other payables		6,150	4,534
Income tax payable		<u>4,037</u>	<u>9,966</u>
		<u>18,080</u>	<u>31,777</u>
Net current assets		<u>139,957</u>	<u>130,657</u>
Total assets less current liabilities		<u>141,050</u>	<u>132,432</u>
Net assets		<u><u>141,050</u></u>	<u><u>132,432</u></u>
Capital and reserves			
Share capital		5,000	5,000
Reserves		<u>136,050</u>	<u>127,432</u>
Total equity		<u><u>141,050</u></u>	<u><u>132,432</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2016

1. GENERAL INFORMATION

LC Group Holdings Limited (the “Company”) was incorporated in Cayman Islands on 19 January 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 21/F, Wyndham Place, No. 44 Wyndham Street, Central, Hong Kong.

The Company had its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 September 2015.

The Company is an investment company. The Company and its subsidiaries (collectively referred hereafter as the “Group”) are principally engaged in one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 March 2016 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 September 2015.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 March 2016 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2015. There are no new and revised standards, amendments and interpretations issued by the HKICPA that are first effective during the Group’s financial period beginning on 1 October 2015.

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess performance and allocate resources. The Group focuses on provision of design, fit out and decoration services. Information reported to the chief operating decision marker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

A brief description of each of our services is as follows:

Design service	conceptual design of space's interior
Fit out service	coordinate, manage and arrange for fit out works to be subcontracted
Decoration service	accessorising of the interior space

Revenue from major services

The Group's revenue from its major services during the period is as follows:

	Six months ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Design and/or decoration service income	8,502	8,370
Design, fit out and decoration service income	53,448	51,089
	<u>61,950</u>	<u>59,459</u>

Geographical information

The Group's operations are located in Hong Kong, People's Republic of China (the "PRC") and Singapore.

The Group's geographical segments are classified according to the location of customers. There are three customer-based geographical segments. Segment revenue from external customers by the location of customer during the period is as follows:

Revenue from external customers

	Six months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Hong Kong	53,568	49,641
PRC	7,404	9,818
Singapore	978	–
	<u>61,950</u>	<u>59,459</u>

The Group's geographical segments are also classified by the location of assets, information about its non-current assets by geographical location are detailed below:

Non-current assets

	As at	As at
	31 March	30 September
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Hong Kong	<u>1,093</u>	<u>1,775</u>

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	Six months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Customer A	–	16,015
Customer B	–	12,855
Customer C	–	8,816
Customer D	–	7,435
Customer E	30,129	–
Customer F	11,456	–
Customer G	7,766	–
	<u>59,351</u>	<u>34,311</u>

5. OTHER REVENUE AND OTHER GAINS

	Six months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Other revenue		
Bank interest income	367	23
Other operating income	478	348
Sundry income	131	–
	<u>976</u>	<u>371</u>
Other gains		
Gain on disposal of property, plant and equipment	–	250
Exchange gain	120	–
	<u>120</u>	<u>250</u>
Total	<u>1,096</u>	<u>621</u>

6. PROFIT BEFORE TAXATION

	Six months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit before taxation has been arrived at after charging:		
Directors' emoluments	3,020	2,564
Salaries, wages and other benefits (excluding directors' emoluments)	4,829	3,446
Pension scheme contributions (excluding directors' emoluments)	132	101
	<u>4,961</u>	<u>3,547</u>
Bad debts written off	162	–
Depreciation of property, plant and equipment	684	790
Minimum lease payments under operating leases in respect of office premises	1,464	1,263
Net exchange (gain)/loss	(120)	847
Initial public offering expenses (included in administrative expenses)	–	3,679
	<u>–</u>	<u>3,679</u>

7. TAXATION

	Six months ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Current tax:		
Hong Kong		
Provision for the period	<u>1,552</u>	<u>2,583</u>
Current tax expense	<u><u>1,552</u></u>	<u><u>2,583</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 31 March 2015: 16.5%) on the estimated assessable profits for the period.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 31 March 2016 is based on the profit for the period attributable to owners of the Company of approximately HK\$8,618,000 (six months ended 31 March 2015: HK\$8,178,000) and the weighted average number of ordinary shares in issue of approximately 500,000,000 (six months ended 31 March 2015: 375,000,000). The weighted average number of ordinary shares for the six months ended 31 March 2015 comprised of 26 shares in issue upon completion of the Reorganisation and 374,999,974 shares in issue pursuant to the Capitalisation Issue (as defined in the Company's prospectus dated 21 August 2015), as if the shares were outstanding throughout the six months ended 31 March 2015.

Diluted earnings per share for the six months ended 31 March 2015 and 2016 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods.

9. DIVIDENDS

No dividend has been paid by the Company since its date of incorporation. The Directors do not propose any payment of interim dividend for the six months ended 31 March 2016.

Prior to the Reorganisation (as defined in the Company's prospectus dated 21 August 2015), the Company's subsidiaries declared interim dividends in aggregate amount of HK\$37,100,000 to their shareholders during the six months ended 31 March 2015.

The subsidiaries declared the interim dividends to their shareholders as follows:

On 30 January 2015, LCL Interior Limited, a wholly-owned subsidiary, declared and settled an interim dividend of HK\$35 per share, totalling HK\$7,000,000, to its shareholders.

On 30 January 2015, LCL Construction Limited, a wholly-owned subsidiary, declared and settled an interim dividend of HK\$62.5 per share, totalling HK\$12,500,000, to its shareholders.

On 30 January 2015, LCL China Limited, a wholly-owned subsidiary, declared and settled an interim dividend of HK\$460 per share, totalling HK\$4,600,000, to its shareholders.

On 30 January 2015, LCL Design Limited, a wholly-owned subsidiary, declared and settled an interim dividend of HK\$25 per share, totalling HK\$5,000,000, to its shareholders.

On 30 January 2015, LCL Decoration Limited, a wholly-owned subsidiary, declared and settled an interim dividend of HK\$80,000 per share, totalling HK\$8,000,000, to its shareholders.

10. TRADE RECEIVABLES

	As at 31 March 2016 HK\$'000 Unaudited	As at 30 September 2015 HK\$'000 Audited
Trade receivables	<u>8,076</u>	<u>29,399</u>

The Group's credit term with its customers is, in general, 7 to 45 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of the trade receivables, based on the invoice date, are as follows:

	As at 31 March 2016 HK\$'000 Unaudited	As at 30 September 2015 HK\$'000 Audited
Current to 30 days	2,398	23,470
31 – 60 days	–	3,019
61 – 90 days	3,810	47
Over 90 days	1,868	2,863
	<u>8,076</u>	<u>29,399</u>

11. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March 2016 <i>HK\$'000</i> Unaudited	As at 30 September 2015 <i>HK\$'000</i> Audited
Amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	978	38,488
Less: Progress billings received and receivable	(686)	(38,040)
	<u>292</u>	<u>448</u>
	As at 31 March 2016 <i>HK\$'000</i> Unaudited	As at 30 September 2015 <i>HK\$'000</i> Audited
Amounts due to customers for contract work		
Progress billings received and receivable	47,023	31,272
Less: Contract costs incurred plus recognised profits less recognised losses	(42,115)	(29,062)
	<u>4,908</u>	<u>2,210</u>

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

As at 31 March 2016, retention held by customers for contract work amounted to approximately HK\$3,427,000 (30 September 2015: HK\$1,210,000).

12. TRADE PAYABLES

	As at 31 March 2016 <i>HK\$'000</i> Unaudited	As at 30 September 2015 <i>HK\$'000</i> Audited
Trade payables	<u>2,985</u>	<u>15,067</u>

The aging analysis of trade payables, based on the invoice date are as follows:

	As at 31 March 2016 <i>HK\$'000</i> Unaudited	As at 30 September 2015 <i>HK\$'000</i> Audited
Current to 30 days	786	11,602
31 – 60 days	42	336
61 – 90 days	85	1,771
Over 90 days	<u>2,072</u>	<u>1,358</u>
	<u>2,985</u>	<u>15,067</u>

The credit period on purchases of certain goods and services is within 7 to 90 days.

13. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2016 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The turnover of the Group increased by approximately HK\$2.5 million from approximately HK\$59.5 million for the six months ended 31 March 2015 to approximately HK\$62.0 million for the six months ended 31 March 2016. The number of projects completed in both periods was around at the same level. The turnover for the six months ended 31 March 2016 was mainly attributable to the projects which were contracted before the sign of slowdown in Hong Kong property market in 2016. The Group recorded a consolidated net profit of approximately HK\$8.6 million for the six months ended 31 March 2016, representing an increase of approximately HK\$0.7 million as compared with consolidated net profit of approximately HK\$7.9 million for the six months ended 31 March 2015. The increase in consolidated net profit during the six months ended 31 March 2016 was mainly due to (i) the decrease in one-off initial public offering expenses and (ii) the drop in the gross profit margin derived from design, fit out and decoration projects. The listing exercise was completed in last financial year and there were one-off initial public offering expenses of approximately HK\$3.7 million recorded in the six months ended 31 March 2015. During the six months ended 31 March 2016, no initial public offering expenses were incurred. While the Group undertook smaller property projects in the property market in Hong Kong during the six months ended 31 March 2016, which had relatively lower margins. The gross profit of the Group decreased by approximately HK\$3.4 million from approximately HK\$23.3 million for the six months ended 31 March 2015 to approximately HK\$19.9 million for the six months ended 31 March 2016.

FINANCIAL REVIEW

Revenue

The Group is a one-stop integrated interior design solutions provider based in Hong Kong. Our integrated interior design solutions include design, fit out, and decoration. We are also responsible for the overall project management. Our customers can choose from one or a combination of our solutions. The provision of our services to our customers can be broadly classified into two major types of projects, (i) design and/or decoration (“DD”) and (ii) design, fit out and decoration (“DFD”).

During the six months ended 31 March 2016, the Group achieved a satisfactory performance with an increase of 4.2% in the Group’s revenue to approximately HK\$62.0 million (six months ended 31 March 2015: HK\$59.5 million) from provision of one-stop integrated interior design services.

The following table set forth the breakdown of our Group's revenue by type of projects and by geographical locations:

	Six months ended 31 March 2016		Six months ended 31 March 2015	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	Unaudited		Unaudited	
DD				
PRC	7,404	12.0%	8,138	13.7%
Hong Kong	120	0.2%	232	0.4%
Singapore	978	1.5%	–	–
Subtotal	8,502	13.7%	8,370	14.1%
DFD				
PRC	–	–	1,680	2.8%
Hong Kong	53,448	86.3%	49,409	83.1%
Subtotal	53,448	86.3%	51,089	85.9%
Total	61,950	100.0%	59,459	100.0%

During the six months ended 31 March 2016, the major customers of the Group were mostly well established listed property developers based in Hong Kong. The revenue derived from the DFD projects in Hong Kong was the key component to the overall revenue, which amounted to approximately HK\$53.4 million for the six months ended 31 March 2016 (six months ended 31 March 2015: HK\$49.4 million) representing 86.3% (six months ended 31 March 2015: 83.1%) of the overall revenue of the Group for the six months ended 31 March 2016. The revenue derived from the DFD projects in Hong Kong dominated in both periods was mainly attributable to our strategic allocation of manpower and resources towards Hong Kong projects with fit out works.

During the six months ended 31 March 2016, the increase of approximately HK\$4.0 million in the revenue derived from the DFD projects in Hong Kong was partially set-off by the decrease of approximately HK\$1.7 million in the revenue derived from the DFD project in the PRC. There was no revenue derived from the DFD project in the PRC for the six months ended 31 March 2016.

The revenue derived from the DD projects in the PRC amounted to approximately HK\$7.4 million for the six months ended 31 March 2016 (six months ended 31 March 2015: HK\$8.1 million) representing 12.0% (six months ended 31 March 2015: 13.7%) of the overall revenue of the Group. There was a recurring trend for the PRC customers engaging us for our DD services without requiring our fit out services.

Gross profit and gross profit margin

The following table set forth the breakdown of our Group's gross profit and gross profit margin by type of projects and by geographical locations:

	Six months ended 31 March 2016		Six months ended 31 March 2015	
	<i>HK\$'000</i>	<i>Margin (%)</i>	<i>HK\$'000</i>	<i>Margin (%)</i>
	Unaudited		Unaudited	
DD				
PRC	7,020	94.8%	7,307	89.8%
Hong Kong	115	95.8%	194	83.6%
Singapore	325	33.2%	–	–
Subtotal	<u>7,460</u>	<u>87.7%</u>	<u>7,501</u>	<u>89.6%</u>
DFD				
PRC	–	–	872	51.9%
Hong Kong	12,399	23.2%	14,888	30.1%
Subtotal	<u>12,399</u>	<u>23.2%</u>	<u>15,760</u>	<u>30.8%</u>
Total	<u><u>19,859</u></u>	<u><u>32.1%</u></u>	<u><u>23,261</u></u>	<u><u>39.1%</u></u>

The overall gross profit decreased by approximately HK\$3.4 million from approximately HK\$23.3 million for the six months ended 31 March 2015 to approximately HK\$19.9 million for the six months ended 31 March 2016. The gross profit from the DD projects for the six months ended 31 March 2016 remained at approximately HK\$7.5 million (six months ended 31 March 2015: HK\$7.5 million). The decrease was mainly due to the declining gross profit from the DFD projects.

The Group undertook smaller property projects in the property market in Hong Kong, which had relatively lower margins. The gross profit from the DFD projects in Hong Kong decreased by approximately HK\$2.5 million from approximately HK\$14.9 million for the six months ended 31 March 2015 to approximately HK\$12.4 million for the six months ended 31 March 2016 and the gross profit margin for the DFD projects in Hong Kong decreased from 30.1% for the six months ended 31 March 2015 to 23.2% for the six months ended 31 March 2016 accordingly. In addition, there was no gross profit derived from the DFD project in the PRC for the six months ended 31 March 2016.

During the six months ended 31 March 2016, the gross profit margin of the DD projects remained stable at 87.7% (six months ended 31 March 2015: 89.6%). While the gross profit margin of the DFD projects was at 23.2% for the six months ended 31 March 2016. The gross profit margin of the DD projects was generally higher than that of the DFD projects which require our fit out service. The DD projects involved fewer subcontractors than the DFD projects allowing rooms for higher mark-up in consideration of the quality of our interior design solution services; and the major cost components of the DD projects were direct staff costs and drafting subcontractors cost, which were common cost components shared among all of our projects, resulting in a relatively higher gross profit margin to the DD projects.

Administrative expenses

The administrative expenses decreased by approximately HK\$2.6 million from approximately HK\$12.8 million for the six months ended 31 March 2015 to approximately HK\$10.2 million for the six months ended 31 March 2016. This was mainly due to the decrease in one-off initial public offering expenses. The listing exercise was completed in last financial year and there were one-off initial public offering expenses of approximately HK\$3.7 million recorded in the six months ended 31 March 2015.

Profit for the period

As a result of the foregoing, the profit for the period increased by approximately HK\$0.7 million from approximately HK\$7.9 million for the six months ended 31 March 2015 to approximately HK\$8.6 million for the six months ended 31 March 2016. The number of projects completed in both periods was around at the same level.

PROSPECT

The shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited. The listing enables the Company to enhance the Group's reputation and foundation. The Group is a one-stop integrated interior design solutions provider based in Hong Kong. Since establishing our Group in 1996, we have been instrumental in providing unique and innovative designs and high quality fit out and decoration services to our customers whilst maintaining the philosophy to maintain a steady and gradual growth in the pursuit of quality and design excellence in a timely manner. Our Group's drive, passion and exquisite attention to details from design to fit out to decoration has enabled our Group to garner the trust and appreciation from our customers and enabled our Group to become one of the reputable players in the integrated interior design services market in Hong Kong.

Our business is highly affected by the development and growth in the property development industry as well as the performance of property developers, and the demand for our services from the property developers could be volatile. It is expected that the slowdown in Hong Kong property market will have a material adverse effect on our business and results of operations.

Going forward, the Group will take initiatives to prudently seize any opportunities to strengthen our sales so as to alleviate the adverse impact from the slowdown in Hong Kong property market.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had approximately 22 employees (30 September 2015: 20) in Hong Kong. The total remuneration paid by the Group to its employees (including directors) for the current financial period was approximately HK\$8.0 million (six months ended 31 March 2015: HK\$6.1 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

In addition to salaries, provident fund scheme and medical insurance coverage and discretionary bonuses are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 31 March 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the Group had a total cash and bank balances of approximately HK\$143.8 million (30 September 2016: HK\$130.6 million) mainly denominated in Hong Kong dollars.

The Group continued to maintain a healthy liquidity position. At as 31 March 2016, the Group had net current assets of approximately HK\$140.0 million (30 September 2015: HK\$130.7 million). The Group had current ratio of approximately 8.7 times as at 31 March 2016 compared to that of approximately 5.1 times at 30 September 2015. The improvement in the Group's liquidity position was mainly attributable to the net cash generated from operating activities.

The gearing ratio of the Group is defined as a percentage of interest-bearing liabilities divided by total equity. As at 31 March 2016, the Group did not have any borrowing (30 September 2015: Nil). Hence, as at 31 March 2016, the gearing ratio was Nil (30 September 2015: Nil). The Group's working capital requirements were mainly financed by internal resources.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in Hong Kong dollars and Renminbi and also incurs cost in Hong Kong dollars and Renminbi. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

PLEDGE OF ASSETS

There was no pledged asset as at 31 March 2016 (30 September 2015: Nil).

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Company's share offer in September 2015 amounted to approximately HK\$100.0 million (after deducting underwriting commissions and all related expenses). Such net proceeds are intended to be applied in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 21 August 2015. As at 31 March 2016, the Company did not utilise any of the net proceeds and deposited the entire amount of the net proceeds in bank accounts.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 March 2016 (30 September 2015: Nil).

CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 31 March 2016 (30 September 2015: Nil).

INTERIM DIVIDEND

The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 31 March 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (“CG Code”) set out in Appendix 14 to the Listing Rules. During the six months ended 31 March 2016 and up to the date of this announcement, the Company has complied with the code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company’s securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code for the six months ended 31 March 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 31 March 2016.

AUDIT COMMITTEE

The audit committee (the “Audit Committee”) of the Board of the Company was established on 13 August 2015. The Audit Committee comprises three independent non-executive Directors, namely Mr. TANG Hamilton Ty, Mr. LEE Frank King-ting and Mr. HO Hin Yip.

The Audit Committee reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 31 March 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.lchk.hk) and the Stock Exchange (www.hkexnews.hk). The Company's 2016 interim report for the six months ended 31 March 2016 will be published on the above websites and despatched to the shareholders of the Company on or before 30 June 2016.

By Order of the Board
LC Group Holdings Limited
Leong Hing Loong Rudoff
Chairman and Executive Director

Hong Kong, 20 May 2016

As at the date of this announcement, the Board comprises Mr. LEONG Hing Loong Rudoff, Ms. CHEW Christina Mooi Chong and Mr. SHIH Steven Chun Ning as executive directors; and Mr. TANG Hamilton Ty, Mr. LEE Frank King-ting and Mr. HO Hin Yip as independent non-executive directors.