

LCT HOLDINGS LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35673)

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Board of Directors of LCT Holdings Limited (the “Company”), or together with its subsidiaries (the “Group”) refers to the Company’s Annual Report (the “Annual Report”) for the financial year ended 30 June 2020 (“FY2020”) which was uploaded on the website of the Singapore Exchange Trading Limited (“SGX-ST”) on 9 October 2020 and would like to provide the following additional information in response to the queries raised by SGX-ST on 27 October 2020:-

SGX Query 1

On page 21, it is stated that “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.”. What standards are used as the basis for Nexia’s internal audit functions?

Company Response

The annual internal audits are performed in line with the International Standards for the Professional Practice of Internal Auditing.

The preparation of the annual internal audit plan takes into account the subsidiaries that have been covered in previous internal audits, key business processes along with any changes in business focus, and discussions with the Audit Committee and management. The proposed internal audit plan which sets out the subsidiaries and business processes to be covered will be presented in the Audit Committee meeting for discussion and feedback.

After the internal audit plan has been approved by the Audit Committee, Nexia will liaise with the management of the subsidiaries in-scope to plan for the internal audit. This process includes preparing an internal audit plan to communicate the proposed approach, timeline, sub-processes and a document request list.

Subsequent to completing the fieldwork based on the approved internal audit plan, Nexia will prepare the draft internal audit report to highlight audit observations focusing on the design and operating effectiveness of internal controls. Management will provide comments and action plans to address the control gaps and identify a person-in-charge to be responsible for implementing the management action plans. The finalised internal audit report will then be presented in the Audit Committee meeting.

SGX Query 2

Pursuant to Listing Rule 1207(20), if applicable, please provide a status report on the use of IPO proceeds and any proceeds arising from any offerings pursuant to [Chapter 8](#) and whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the prospectus or the announcement.

Company Response

The Company did not have any proceeds arising from any offerings pursuant to Chapter 8. Therefore, Listing Rule 1207(20) is not applicable to the Company.

SGX Query 3

Please indicate and elaborate upon, compliance with Listing Rule 715.

Company Response

As disclosed on page 73 of the Company's Annual Report, the financial statements of the Company's subsidiaries are audited/reviewed by BDO Limited, Certified Public Accountants for Group consolidation purpose. Accordingly, the Company has complied with Rule 715 of the SGX Listing Manual.

SGX Query 4

Pursuant to Listing Rule 704(6), please explain the material variance in net cash generated from operating activities and net cash generated from investing activities as reflected on page 37, compared to the preliminary full-year results.

Company Response

In the statement of cash flow of the preliminary full-year results, the Company had inadvertently recorded the payment of second tranche for the acquisition of Shanghai Xiyun Information Technology Services Co., Ltd. amounting to RMB2,560,000 as cash used in operation. The amount was then classified as cash used in investing activities in the Annual Report.

As a result, the cash flow from operating activities was changed from outflow of RMB2,161,000 in the preliminary full-year results to inflow of RMB399,000 in the Annual Report, and the cash flow from investing activities was changed from inflow of RMB3,141,000 in the preliminary full-year results to inflow of RMB580,000 in the Annual Report. The net decrease in cash and cash equivalents in the statement of cash flows in the Annual Report remains substantially the same

In the income statement of the preliminary full-year results, the payment of RMB2,560,000 was not recorded as an expense in the operation notwithstanding the above. Since there were no material adjustment to the income statement and the statements of financial position and the net decrease in cash and cash equivalents in the statement of cash flows remain substantially the same, the preliminary full-year results has provided a fair view of the financial position of the Group notwithstanding the subsequent changes in the Annual Report.

BY ORDER OF THE BOARD
LCT HOLDINGS LIMITED

Mr Du Junqi
Executive Chairman

29 October 2020