

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

---

**NON-BINDING LETTER OF INTENT IN RELATION TO  
THE PROPOSED ACQUISITION OF 80% OF THE ENTIRE REGISTERED CAPITAL OF  
SHANGHAI XIYUN INFORMATION TECHNOLOGY SERVICES CO., LTD.**

---

**1. INTRODUCTION**

The Board of Directors of LCT Holdings Limited (the “**Company**”) (the “**Board**”) wishes to announce that its indirect wholly owned subsidiary, Longfei (Xi'an) Industrial Co., Ltd. (龙飞(西安)实业有限公司) (“**Longfei**”), had on 22 April 2019 entered into a letter of intent (the “**LOI**”) with Wu Lijun (吴礼军) and Gao Xiaohan (高晓寒) (collectively known as the “**Vendors**”) for the proposed acquisition of 80% of the entire registered capital (“**Equity Interests**”) of Shanghai Xiyun Information Technology Services Co., Ltd. (上海熹云信息技术服务有限公司) (the “**Target Company**”) (the “**Proposed Acquisition**”).

Longfei and the Vendors (the “**Parties**”) agree that the LOI is intended to set out the basic terms and conditions between the Parties in relation to the Proposed Acquisition, and is not legally binding on the Parties, save for certain clauses (relating to, *inter alia*, exclusivity) which shall be legally binding on the Parties.

The Proposed Acquisition will be subject to the terms and conditions as set out in the sale and purchase agreement (“**SPA**”), to be entered into between the Parties.

Based on the preliminary information provided by the Vendors and the Consideration (as defined in paragraph 4.1 below), the Proposed Acquisition is expected to be a “Discloseable Transaction” pursuant to Rule 1010 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) which does not require the approval from the shareholders of the Company. Upon signing of the SPA, the Company shall announce further information in respect of the Proposed Acquisition in compliance with Chapter 10 of the Listing Manual of the SGX-ST.

**2. INFORMATION ON THE TARGET COMPANY**

*The information on the Target Company in this paragraph 2 was provided by the Vendors and the Target Company, which has been extracted and reproduced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

The Target Company is an outsourced professional services firm providing a one-stop professional services providing information technology consultancy services to start-up technology companies in Shanghai, China.

The Target Company is a private company limited by shares incorporated in China on 24 August 2018. As at the date of this announcement, the entire registered capital of the Target Company is RMB1,000,000. The Vendors, Wu Lijun (吴礼军) and Gao

Xiaohan (高晓寒) holds 70% and 30% equity interest in the Target Company respectively. The Vendors are the shareholders, directors and management of the Target Company.

Each of the Vendors is an independent third party unrelated to any of the directors, controlling shareholders or their respective associates, as defined in the Listing Manual of the SGX-ST, of the Company and its subsidiaries (the “**Group**”). As at the date of this announcement, the Vendors do not have any shareholding interests, direct or indirect, in the Company.

### 3. RATIONALE FOR THE PROPOSED ACQUISITION

Since the Group exited from the electronics industry in 2016, the Group has been focusing on its remaining business in property investment while continue to source for new investment and/or business expansion opportunity. The Board is of the view that the Proposed Acquisition is an investment opportunity in the best interests of the Company and its shareholders. Based on the preliminary information provided by the Vendors, the Target Company is profitable and is able to provide additional revenue streams by leveraging on the trajectory growth prospects of the technology industry which the Target Company is currently focusing, so as to enhance the Company’s shareholders’ value. There is no change in the risk profile of the Group as the Proposed Acquisition is a non-core investment of the enlarged Group.

### 4. SALIENT TERMS OF THE PROPOSED ACQUISITION

#### 4.1 Indicative Consideration

Based on the preliminary estimation by the Parties, the indicative consideration for the Proposed Acquisition on a willing buyer-willing seller basis is approximately RMB3,200,000 (“**Consideration**”) after taking into account, *inter alia*, the valuation multiples of comparable companies and the potential growth prospect of the technology industry which the Target Company is rendering its services. The Consideration is subject to, *inter alia*, adjustment to be determined by the outcome of a business valuation exercise on the Target Company by an independent valuer to be appointed by the Company, and agreed by the Parties.

The Consideration will be satisfied by the Longfei to the Vendors in cash based on the following two payment tranches:

- (a) the first tranche amount representing 20% of the Consideration (“**First Tranche Amount**”) shall be paid within five (5) business days from the date of the signing of the SPA upon the outcome of the due diligence, including but not limited to the business, financial and legal due diligence, being satisfactory to Longfei, and the completion of the Proposed Acquisition by transferring the Equity Interests from the Vendors to Longfei within three (3) business days from the date of the payment of the First Tranche Amount (“**Completion**”). On the date of Completion, each Vendor shall enter into a five (5)-year service agreement with the Target Company in the form being satisfactory to Longfei (“**Service Agreement**”); and
- (b) the final Consideration is subject to further adjustment to be determined by the audited financial statement of the Target Company for its financial year ended

("FY") 31 December 2019 and the fulfilment of the profit warranty for FY2019 ("**Final Consideration**"). The second tranche amount is equivalent to the Final Consideration less the First Tranche Amount within five (5) business days from the date of fulfilment of certain conditions subsequent, including but not limited to the profit warranty provided by the Vendors as set out in the SPA.

#### 4.2 Repurchase Right

The Parties agree to negotiate in good faith to grant an irrevocable repurchase right by the Vendors to be exercised solely at the discretion of Longfei in the event of breach or termination of the SPA and/or Service Agreement, to be set out in the SPA to be entered into between the Parties.

#### 4.3 Exclusivity Period

The Vendors shall not nor shall they permit any of their respective affiliates to solicit or enter into any understanding, contracts or agreements with any third party, and shall negotiate exclusively with Longfei for the term of 180 days from the date of the LOI.

#### 4.4 Due Diligence

The Vendors shall grant access to Longfei and its professional advisers to conduct due diligence exercise, including but not limited to the business, financial and legal due diligence, on the Target Company.

#### 4.5 Costs

The Parties shall bear their own costs and expenses (including all professional fees, costs and expenses) incurred or to be incurred in relation to the Proposed Acquisition.

### 5. FURTHER ANNOUNCEMENTS

The Company will make further announcements to update Shareholders as appropriate when there are material developments on the Proposed Acquisition.

### 6. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and the directors of the Company jointly and severally accept full responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

## **8. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

**BY ORDER OF THE BOARD**  
**LCT HOLDINGS LIMITED**

Mr. Du Junqi  
Executive Chairman and Chief Executive Officer

22 April 2019