LTC CORPORATION LIMITED
(Formerly known as Lion Teck Chiang Limited)
(Company Registration Number: 196400176K)
(Incorporated in Singapore)
(the "**Company**")

PROPOSED ACQUISITION BY LTC CAPITAL HOLDINGS SDN. BHD. OF ORDINARY SHARES REPRESENTING 50% OF THE ISSUED AND PAID UP SHARE CAPITAL OF USP EQUITY SDN. BHD.

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1. INTRODUCTION

1.1 On 6 February 2015, the Company announced that its wholly-owned subsidiary, LTC Capital Holdings Sdn. Bhd. (the "**Purchaser**"), had on 6 February 2015 entered into a legally binding heads of terms ("**Heads of Terms**") with USP Resources Sdn. Bhd. (the "**Vendor**") for the sale by the Vendor, and the acquisition by the Purchaser, of such number of ordinary shares which represents 50% of the issued and paid up share capital of USP Equity Sdn Bhd (the "**Target Company**") (the "**Proposed Acquisition**").

1.2 The board of directors of the Company wishes to announce that:

(a) the Purchaser and the Vendor has on 12 June 2015 entered into a share purchase agreement (the "**SPA**") for the sale by the Vendor and the acquisition by the Purchaser of 9,000,001 ordinary shares ("**Sale Shares**") representing 50% of the issued and paid up share capital of the Target Company; and

(b) the Purchaser, the Vendor and the Target Company has on 12 June 2015 entered into a joint venture agreement (the "**JVA**") setting out the parties' rights, duties, liabilities and obligations in relation to the operation of the Target Company (collectively with the SPA, the "**Definitive Agreements**").

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 The Vendor, the Target Company and SKLDS

The Vendor is currently the registered and beneficial owner of 18,000,000 ordinary shares representing 90% of the entire issued and paid up capital in Sogo (K.L.) Department Store Sdn. Bhd. ("**SKLDS**"). The Target Company is a vehicle set up by the Vendor to acquire its entire shareholding in SKLDS as part of a proposed corporate restructuring exercise ("**Proposed Corporate Restructuring Exercise**") to be undertaken by the Vendor to facilitate the Proposed Acquisition.

2.2 The Business Operations of SKLDS

SKLDS operates full-line department stores that comprise of supermarket, cosmetics and fragrances, ladies wear, men's wear, children's wear, household merchandise and others. SKLDS is a leading retailer in Kuala Lumpur, Malaysia operating in the name and style of the 'SOGO' brand pursuant to a trademark license agreement with Sogo & Seibu Co., Ltd. ("**SOGO SEIBU**").

2.3 Rationale for the Proposed Acquisition

The Company and its subsidiaries (the "**LTC Group**") are currently in the businesses of Steel Trading, Property Development, Property Investment and Investment Holding and has operations in Singapore, Malaysia and China.

The LTC Group has been looking for a new business to generate additional income streams and diversify its asset and revenue base. Venturing into the retail and distributive business in Malaysia is a step in the direction of achieving these objectives. The acquisition of an interest in SKLDS through the Proposed Acquisition provides a good opportunity for the LTC Group to achieve the objectives.

3. PRINCIPAL TERMS AND CONDITIONS

3.1 Salient Terms of the SPA

(a) Consideration

The purchase consideration for the Sale Shares is RM70,135,488 (the "**Consideration**") and is subject to adjustments pursuant to the SPA ("**Consideration Adjustment**").

The Consideration is to be satisfied in the following manner:

(i) 10% of the Consideration (including the RM1,000,000 deposit which has been paid by the Purchaser to the Vendor on the date of execution of the Heads of Terms, being 6 February 2015) (the "**Initial Payment**"), which has been paid by the Purchaser to the Vendor as of the date of execution of the Definitive Agreements. In the event that the Conditions Precedent (as defined below) are not satisfied by the date falling three (3) months after the date of the Definitive Agreements (or such later date as the parties may agree), the Purchaser may elect to terminate the Definitive Agreements and the Initial Payment shall be refunded by the Vendor to the Purchaser;

(ii) 40% of the Consideration, subject to any corresponding Consideration Adjustment, payable by the Purchaser to the Vendor on the completion of the Proposed Acquisition (the "**Completion Date**"); and

(iii) the remaining 50% of the Consideration payable by the Purchaser to the Vendor within six (6) months from the Completion Date.

The Consideration was arrived at pursuant to arm's length negotiations between the Vendor and the Purchaser on a willing-buyer willing-seller basis and was subject to a detailed financial and legal due diligence carried out by the Purchaser on the Target Company, SKLDS and its subsidiaries (the "**Target Group**"). The Consideration amount was arrived at after taking into account a fixed available cash of the Target Group and the profits after tax and minority interest of the Target Group, as based on the financial statements of the Target Group for the financial year ended 31 March 2014.

(b) Conditions Precedent to the SPA

The completion of the Proposed Acquisition is conditional upon, *inter alia*, the following conditions precedent ("**Conditions Precedent**") being fulfilled:

(i) the completion of the Proposed Corporate Restructuring Exercise by the Vendor;

(ii) the approval of SOGO SEIBU in respect of the Proposed Corporate Restructuring Exercise and the Proposed Acquisition;

(iii) the approval of the shareholders of the Company ("**Shareholders**") in a general meeting to be convened in accordance with the listing requirements and rules of the Singapore Exchange Securities Trading Limited; and

(iv) the receipt of written consent by the Purchaser from Malayan Banking Berhad in relation to the guarantee facility agreement with SKLDS dated 3 June 2005.

3.2 Salient Terms of the JVA

The JVA will become effective upon the completion of the SPA.

The key terms and conditions of the JVA are as follows:

(a) the Purchaser and the Vendor shall be entitled to equal representation on the board of the Target Group ("**Target Board**");

(b) the Purchaser shall be entitled to appoint the Chairman of the Target Board who, in the case of an equality of votes, shall have a second or casting vote;

(c) save for certain reserved matters under the JVA which require the approval of both the Purchaser and the Vendor, decisions of the Target Board shall be decided by a majority of votes of the directors of the Target Board;

(d) the Purchaser shall be entitled to a call option requiring the Vendor to sell to the Purchaser (or its nominee) the equivalent of 1% of the issued and paid up share capital of the Target Company at a price to be determined in accordance with the provisions of the JVA, upon, *inter alia*, a change of control in the Vendor; and

(e) the Vendor shall be entitled to a call option requiring the Purchaser to sell to the Vendor (or its nominee) the equivalent of 1% of the issued and paid up share capital of the Target Company at a price to be determined in accordance with the provisions of the JVA, upon the occurrence of a change of control in the Purchaser.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the unaudited consolidated financial statements of the LTC Group for the nine (9) months ended 31 March 2015, the relative figures computed in respect of the Proposed Acquisition on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

Relative figures under Rule 1006:

Rule 1006	Base	Figure (S$)
(a)	**The net asset value of the assets to be disposed of, compared with LTC Group's net asset value.**	Not applicable to an acquisition of assets
(b)	**The net profits attributable to the assets acquired or disposed of, compared with LTC Group's net profits.**	3,144,000/12,572,000[1] = 25.0%
(c)	**The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.**	
	Aggregate value of the maximum consideration to be given:	25,504,000[2]
	Company's market capitalisation as at 9 June 2015[3] being the market day immediately preceding the date of the SPA on which the shares of the Company were traded:	106,388,000
	Size of relative figure:	23.97%
(d)	**The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.**	Not applicable

As the relative figures under Rule 1006(b) and (c) of the Listing Manual exceed 20% as set out above, the Proposed Acquisition constitutes a "major transaction" for the purposes of Chapter 10 of the Listing Manual and requires the approval of the Shareholders. The Company is therefore seeking approval from the Shareholders for the Proposed Acquisition at the extraordinary general meeting of the Company ("**EGM**") to be convened.

[1] Based on an exchange rate of RM2.6096 : S$1.

[2] Based on an exchange rate of RM2.75 : S$1.

[3] As stated in the Company's previous announcement dated 6 February 2015, the Company's market capitalisation as at 5 February 2015, being the market day immediately preceding the date of the Heads of Terms on which the shares of the Company were traded, was S$109,517,000 and the relative figure of the Proposed Acquisition computed on the basis set out in Rule 1006(c) of the Listing Manual was approximately 24.8%.

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

(a) Method of Financing

The Proposed Acquisition will be funded by internal sources and bank borrowings.

(b) Financial Information

Based on the unaudited consolidated financial statements of the Target Group for the financial year ended 31 March 2015, the net tangible asset ("**NTA**") value of the Sale Shares is approximately RM47,544,000 (approximately S$17,639,000[4]).

(c) Financial Effects

The financial effects of the Proposed Acquisition on the LTC Group set out below have been prepared based on the audited consolidated financial statements of the LTC Group for the financial year ended 30 June 2014 ("**FY2014**") and based on the following assumptions:

(i) the financial effects are purely for illustrative purposes only and do not represent any projection of the actual future financial performance or financial position of the LTC Group after the Proposed Acquisition;

(ii) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA per share of the Company, the Proposed Acquisition is assumed to have been completed on 30 June 2014; and

(iii) for the purpose of computing the financial effects of the Proposed Acquisition on the earnings per share of the Company ("**EPS**"), the Proposed Acquisition is assumed to have been completed on 1 July 2013.

Effect on the NTA per share of the Company for FY2014

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA as at 30 June 2014 (S$'000)	241,264	241,264
Number of issued shares of the Company ('000)	156,453	156,453
NTA per share (Singapore cents)	154.21	154.21

[4] Based on an exchange rate of RM2.6954 : S$1.

Effect on EPS for FY2014

	Before the Proposed Acquisition	After the Proposed Acquisition
Earnings attributable to Shareholders for FY2014 (S$'000)[5]	8,489	12,724
Number of issued shares of the Company ('000)	156,453	156,453
EPS for FY2014 (Singapore cents)[5]	5.43	8.13

Gearing

Assuming the Proposed Acquisition had been completed on 30 June 2014, the LTC Group's gearing would be 17.7% instead of 10.3%.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company or controlling Shareholders has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. EGM AND CIRCULAR TO SHAREHOLDERS

A circular to Shareholders containing, *inter alia*, the notice of EGM and information on the Proposed Acquisition, will be despatched by the Company to the Shareholders to seek the Shareholders' approval for the Proposed Acquisition.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 during normal business hours (from 9.00 a.m. to 5.00 p.m.) for a period of three (3) months from the date of this announcement.

[5] Based on the exchange rate of RM2.5813 : S$1.

By Order of the Board
LTC CORPORATION LIMITED

Silvester Bernard Grant
Company Secretary
12 June 2015