

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**

1. INTRODUCTION

- 1.1 The board of directors of the Company wishes to announce that its wholly-owned subsidiary, LTC Capital Holdings Sdn. Bhd. (the "**Purchaser**"), has 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 (the "**Sale Shares**") which represents 50% of the issued and paid up share capital of USP Equity Sdn Bhd (the "**Target Company**") (the "**Proposed Transaction**").
- 1.2 The Vendor and the Purchaser shall endeavour to finalise the following agreements upon terms and conditions to be mutually agreed as soon as is reasonably practicable but not later than ninety (90) days from the date of the Heads of Terms (or such other date as the parties may agree in writing):
- (a) a sale and purchase agreement between the Purchaser and the Vendor in relation to the acquisition of the Sale Shares by the Purchaser from the Vendor ("**SPA**");
 - (b) a shareholders agreement among the Purchaser, the Vendor and the Target Company ("**SHA**"); and
 - (c) any other ancillary documents relating to the Proposed Transaction agreed between the Purchaser and the Vendor (collectively, together with the SPA and SHA, the "**Definitive Agreements**").

2. INFORMATION ON THE TARGET COMPANY

- 2.1 The Target Company is involved in the business of retail and distributive trade in Malaysia.
- 2.2 As at the date of this announcement, the Purchaser and the Company are in possession of limited financial information relating to the Target Company. Upon the execution of the Heads of Terms, the Purchaser will be granted access to information and documents relating to the Target Company so that it can conduct a detailed financial, legal, tax and operational due diligence on the Target Company ("**Due Diligence Exercise**"). As such, further details relating to the value of the Sale Shares as required to be disclosed under Rule 1010(5) of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") will be disclosed in the further announcements relating to the Definitive Agreements.

3. PRINCIPAL TERMS OF THE HEADS OF TERMS

3.1 The Consideration

The proposed purchase consideration for the Sale Shares is approximately RM72,000,000 (the "**Consideration**").

Under the Heads of Terms, the Consideration is proposed to be the aggregate of the following:

- (a) the RM1,000,000 refundable deposit ("**Deposit**") paid by the Purchaser to the Vendor on the date of execution of the Heads of Terms;
- (b) 50% of the Consideration less the Deposit, payable from the Purchaser to the Vendor on the completion of the Proposed Transaction (the "**Completion Date**"); and
- (c) the remaining 50% of the Consideration payable from the Purchaser to the Vendor 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 is subject to confirmation and/or adjustment pursuant to the Due Diligence Exercise.

3.2 Exclusivity

The Purchaser and the Vendor have agreed not to (whether through agents, advisers, affiliates or related parties or any other person), commencing from the date of the Heads of Terms and ending on the date of termination of the Heads of Terms, enter into discussions or negotiations with any other person or entity to pursue any arrangement that may be in competition with the Proposed Transaction or in respect of the subject matter contained in the Heads of Terms.

Such exclusivity shall expire upon the earliest of the following:

- (a) the date of termination of the Heads of Terms; or
- (b) the date on which all the Definitive Agreements are executed by the parties.

3.3 Termination

In the event the Purchaser and the Vendor fail to finalise the Definitive Agreements within 90 days from the date of the Heads of Terms (or such other date as the parties may agree in writing), the Heads of Terms:

- (a) shall terminate;
- (b) neither party shall have any claim against the other; and
- (c) the Vendor shall pay to the Purchaser the amount equivalent to the Deposit.

4. CONDITIONS PRECEDENT AND OTHER TERMS

4.1 The completion of the Proposed Transaction is conditional upon, *inter alia*, the following conditions precedent being fulfilled:

- (a) satisfactory completion of the Due Diligence Exercise;
- (b) completion of a corporate restructuring exercise by the Target Company ("**Proposed Corporate Restructuring Exercise**"), on terms satisfactory to the parties;
- (c) 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;
- (d) the Purchaser being satisfied that no material adverse change has occurred in relation to the prospects, operations or financial condition of the Target Company or other conditions applicable to or imposed on the Target Company by any regulatory or governmental authority;
- (e) the Purchaser being satisfied that there has not been any breach of the representations, warranties, covenants, undertakings and obligations of the Vendor under the Definitive Agreements; and
- (f) all required consents and approvals in respect of the Proposed Corporate Restructuring Exercise and the Proposed Transaction (government, regulatory, third party or otherwise) having been obtained, and all notifications in respect of the Proposed Corporate Restructuring Exercise and the Proposed Transaction having been made, by the parties.

4.2 The Purchaser shall, in certain circumstances, also be entitled to a call option ("**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.

5. MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Proposed Transaction in relation to the Company and its subsidiaries (the "**LTC Group**") computed on the basis set out in Rule 1006(a) to (d) of 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.	As at the date of this announcement, the Purchaser and the Company are in possession of limited financial

Rule 1006	Base	Figure (\$)
		information relating to the Target Company. Further details will be disclosed in the further announcements relating to the Definitive Agreements.
(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:	≈ 27,170,000
	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:	≈ 109,517,000
	Size of relative figure:	≈ 24.8%
(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(c) of the Listing Manual exceed 20% as set out above, the Proposed Transaction constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is subject to the approval of the Shareholders at the extraordinary general meeting of the Company to be convened.

6. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

6.1 Method of Financing

The Proposed Transaction is to be funded by internal sources and bank borrowings.

6.2 Financial Effects

As at the date of this announcement, the Purchaser and the Company are in possession of limited financial information relating to the Target Company. As such, further details relating to the financial effects of the Proposed Acquisition on the Company's net profits, net tangible assets per share and earnings per share as required to be disclosed under Rules 1010(7), (8) and (9) of the Listing Manual will be disclosed in the further announcements relating to the Definitive Agreements.

7. RATIONALE FOR THE PROPOSED TRANSACTION

The LTC Group is 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.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. DIRECTORS' SERVICE CONTRACTS

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

10. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will make further announcements in compliance with the Listing Manual if and when there is any material development, including if and when the Definitive Agreements are executed. In the event that the Definitive Agreements are executed, a circular to Shareholders of the Company containing, *inter alia*, the details in relation to the Proposed Transaction, together with the notice of extraordinary general meeting, will be despatched by the Company to the Shareholders to seek the Shareholders' approval for the Proposed Transaction.

By Order of the Board
LTC CORPORATION LIMITED

Silvester Bernard Grant
Company Secretary
6 February 2015