



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: LTC Corporation Limited

Security: LTC Corporation Limited

Meeting details:

Date: 30 October 2018

Time: 9.30 a.m.

Venue: The Conference Room, 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957

Company Description

LTC Corporation Limited, an investment holding company, engages in the property rental and development, and steel trading businesses in Singapore and Malaysia. It operates through Steel Trading, Property Development, Property Rental, and Investment Holding segments. The Steel Trading segment supplies steel reinforcement bars (rebars) for building construction and civil works, as well as provides services to cut, bend, or assemble the rebars to customer requirements. The Property Development segment builds and sells residential, commercial, and industrial properties. The Property Rental segment owns, manages, and leases industrial and commercial properties. The company also imports, exports, and distributes steel and iron products, as well as operates as a commission agent and general merchant. The company was formerly known as Lion Teck Chiang Limited and changed its name to LTC Corporation Limited in October 2014. LTC Corporation Limited was incorporated in 1964 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=L17)

1. Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) **Steel trading:** From Note 39 (page 84 – Segment information), the steel trading segment reported revenue of \$121 million and a segment profit of \$6.1 million. The 5-year trend of the steel trading segment is shown in the table below.

	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000
Segment revenue	146,019	136,223	92,898	107,475	120,976
Operating profit	11,440	2,378	(2,537)	6,117	6,097

(Source: Company annual reports)

Can management help shareholders understand the key factors that determine the profitability of the segment? For instance, revenue increased by 13% in 2018 but the operating profit remained steady at about \$6.1 million. Compared to 2015, the operating profit margin in 2017 and 2018 is substantially higher even though revenue is higher in 2015. **Also, please state management's priorities for FY2019.**

- (ii) **Development property (Singapore):** In the Chairman's Statement, it was mentioned that the group "will continue to look out for opportunities to acquire development property" (page 2). **Can management tell shareholders if it had been actively looking for development land bank/opportunities in the past year? Did the group participate in any government tenders or were in advance stages of negotiating any en-bloc/collective sales? What is the group's niche as a property developer?**
- (iii) **Retail operations:** With the first phase of the renovation of its flagship store completed, the company reported "positive sales growth" in the retail operations. Revenue of the joint venture company increased by 0.5% to \$61.17 million. **Can management disclose the store's performance in constant currency basis?** Once the amortisation of goodwill is factored in, USP contributed \$6,000 to the group's bottom line in 2018 (2017: a loss of \$(849,000) as share of results of joint venture companies after adjustment (page 65)). **Has the segment met management's expectations? Can management also confirm that the joint venture company will be funding the second and the third stores with internally generated resources?**

2. As noted in the Corporate Governance Report, the independent directors, namely Mr Ong Teong Wan, Mr Chay Yee and Dato' Mazlan Bin Dato' Seri Harun, have served on the board for more than nine years.

Mr Ong, Mr Chay and Dato' Mazlan were first appointed to the board on 28 July 1998, 24 February 1997 and 31 January 1986 respectively. As at the date of the Annual General Meeting, Mr Ong, Mr Chay and Dato' Mazlan have served on the board for more than 20 years 3 months, 21 years 6 months and 32 years 8 months respectively.

- (i) Can the board help shareholders understand how the (particularly) “rigorous review” was carried out to assess the independence of the long tenured directors?**
- (ii) Can the board confirm that no director was involved in the review of his own independence?**

The board has stated that continuity and stability of the board is important and it is not currently in the interests of the company and shareholders to require directors who have served for nine years or longer to retire.

- (iii) Can the board, especially the nominating committee (NC), explain in greater detail if it had considered a staggered approach to ensure stability and board renewal?**
- (iv) What deliberations did the NC and the board have on the issue of “the need for progressive refreshing of the board”?**
- (v) Has the NC also reviewed the group’s succession plans for the executive directors (including the executive chairman) and key management personnel (including the chief executive officer/managing director)?**

3. On 10 September 2018, the company announced that the directors who are considered independent for the purposes of the exit offer have appointed Xander Capital Pte Ltd as the independent financial adviser (IFA) to advise them for the purposes of the exit offer. This follows the proposed voluntary delisting of the company by Mountbatten Resources Pte. Ltd. from the official list of the Singapore Exchange Securities Trading Limited (“SGX-ST”) pursuant to Rule 1307 and Rule 1309 of the listing manual of the SGX-ST.

- (i) Can the directors help shareholders understand how Xander Capital was selected as the IFA? What were the criteria used to select the IFA?**
- (ii) What will be the directors’ role in determining the scope of the IFA’s work?**
- (iii) Will the directors and/or the IFA be reviewing the structure of the offer, including the use of Mountbatten Resources Pte. Ltd. as the offeror by Mountbatten Enterprises Pte. Ltd. (a controlling shareholder and a consortium member)?**
- (iv) For good governance, would the directors who are considered independent for the purpose of the exit offer consider requesting the controlling shareholders to abstain from the voting at the delisting EGM?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 and 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=LTC%20Corporation%20Ltd>



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The company's response could be found here:

2017

https://sias.org.sg/media/qareport/1509329587_LTC_Responses_to_SIAS_2017.pdf

2016

https://sias.org.sg/media/qareport/1478155535_LTC_Responses_to_SIAS_Questions.pdf