

**APPENDIX 1 DATED 15 OCTOBER 2015**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Appendix is circulated to shareholders of TMC Education Corporation Ltd (the “**Company**”) (“**Shareholders**”) together with the Company’s Annual Report. Its purpose is to explain to Shareholders the rationale and provide information relating to the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the annual general meeting to be held on 30 October 2015 at 11.00 a.m. at 250 Middle Road Singapore 188983 (“**AGM**”).

The Notice of AGM and a Proxy Form are enclosed with the Annual Report.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr Lance Tan, Director, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



**TMC EDUCATION CORPORATION LTD**  
(Registration Number: 198102945K)  
(Incorporated in the Republic of Singapore on 25 June 1981)

**APPENDIX IN RELATION TO THE PROPOSED  
RENEWAL OF THE SHARE PURCHASE MANDATE**

**TMC EDUCATION CORPORATION LTD**  
(Registration Number: 198102945K)  
(Incorporated in the Republic of Singapore on 25 June 1981)

**Directors**

Dr Chin Kon Yuen (Executive Chairman)  
Ms Yeow Cheng Khim (Executive Director and Chief Executive Officer)  
Mr Chen Timothy Teck Leng (Lead Independent Director)  
Mr Woo Lee Yong (Independent Director)  
Mr Wong Hin Sun Eugene (Independent Director)

15 October 2015

To: The Shareholders of TMC Education Corporation Ltd

Dear Sir/Madam

**Registered Office**

38C Jalan Pemimpin  
(Off Bishan Street 21)  
Singapore 577180

**(A) Introduction**

Reference is made to the proposed ordinary resolution 9 in the Notice of AGM dated 15 October 2015 convening the AGM to be held on 30 October 2015.

The general share purchase mandate ("**Share Purchase Mandate**") was first approved by Shareholders at the extraordinary general meeting of the Company held on 31 March 2011. The Share Purchase Mandate was renewed at the annual general meeting of the Company held on 31 October 2014 and will expire on the date of the forthcoming AGM.

The purpose of this Appendix is to provide Shareholders with relevant information relating to, and to explain the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the forthcoming AGM,

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

**(B) Terms of the Share Purchase Mandate**

**(a) Maximum number of shares**

Only ordinary shares in the capital of the Company ("**Shares**") which are issued and fully paid-up may be purchased by the Company.

The Share Purchase Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through on-market purchases ("**Market Purchases**") or off-market purchases on an equal access scheme ("**Off-Market Purchases**") as defined in Section 76C of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") of up to a maximum of ten per cent (10%) of the issued Shares as at the date of the AGM at which the Share Purchase Mandate is in force, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of issued Shares above, any Shares which are held as treasury shares ("**Treasury Shares**") will be disregarded.

**For illustrative purposes only**, based on 167,397,677 issued Shares (excluding Treasury Shares) as at 6 October 2015, being the latest practicable date prior to the printing of this Appendix ("**Latest Practicable Date**"), and assuming that no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the AGM, the exercise in full of the Share Purchase Mandate of up to a maximum of ten per cent. (10%) of the total number of issued Share would result in the purchase of 16,739,767 Shares.

(b) Duration of authority

If the proposed resolution for the renewal of the Share Purchase Mandate is approved at the forthcoming AGM, the mandate shall take effect from the date of the forthcoming AGM and continue in force until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held;
- (iii) the share purchases under the Share Purchase Mandate being carried out to the full extent mandated; or
- (iv) the time when such mandate is revoked or varied by the Shareholders in a general meeting.

(c) Manner of purchase of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) Market Purchases transacted on the SGX-ST through the ready market system and which may be transacted through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) Off-Market Purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”), and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme. Pursuant to 76C of the Companies Act, an equal access scheme must, however, satisfy all of the following conditions:-

- (i) offers for the purchase of issued Shares shall be made to every person who holds issued Shares to purchase the same percentage of their issued Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
  - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:-

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share purchase;

- (iv) the consequences, if any, of Share purchase by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
  - (v) whether the Share purchase, if made, would have any effect on the listing of the Shares on Catalist of the SGX-ST;
  - (vi) details of any Share purchase made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
  - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

Any Share purchase undertaken by the Company shall be at the price of up to but not exceeding the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent. (5%) above the average closing price of the Shares over the period of five (5) market days in which transactions in the Shares on the SGX-ST were recorded (“**Maximum Price**”), in the case of a Market Purchase, before the day on which such purchase is made, and, in the case of an Off-Market Purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs after the relevant five (5)-day period.

### (C) Source of funds

In purchasing the Shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association of the Company, and the applicable laws in Singapore. The Company may not buy Shares on Catalist of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the Catalist Rules. As stated in the Companies Act, the purchase of Shares by the Company may be made out of the Company’s profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if (a) it is able to pay its debts in full at the time of payment and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months following such date of payment; and (b) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after any purchase of shares for purposes of any proposed acquisition or release of the company’s obligations, become less than the value of its liabilities (including contingent liabilities). In determining that the company is solvent, the directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimation of assets or liabilities. In determining the value of contingent liabilities, the directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the company.

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Purchase Mandate. The Directors do not propose to exercise the renewed Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

### (D) Rationale for the Shares Purchase Mandate

Short-term speculation may at times cause the market price of the Company’s Shares to be depressed below the true value of the Company and the Group. The proposed renewal of the Share Purchase Mandate will provide the Directors with the means to restore investors’ confidence and to protect existing Shareholders’ investments in the Company in a depressed share-price situation through

judicious Share purchases to enhance the earnings per Share and/or the net asset value per Share. The Share Purchases will enhance the net asset value per Share if the Share purchases are made at a price below the net asset value per Share.

The proposed renewal of the Share Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the Shareholders, as and when the Directors are of the view that this would be in the best interests of the Company and the Shareholders.

The Directors will only make a Share purchase as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders. The Directors will decide whether to purchase Shares only after taking into account, among other things, the market conditions at such time, the Company's financial condition and whether such purchases will cause the Company to become insolvent (i.e. the Company is unable to pay its debts as they become due in the ordinary course of business, or the value of the Company's assets is less than the value of its liabilities including contingent liabilities), and whether such purchases represent the most efficient and cost-effective approach to enhance Share value. Share purchases will only be made if the Directors believe that such purchases are likely to benefit the Company and increase economic value for Shareholders.

**(E) Catalist Rules**

**(a) Listing status of Shares on SGX-ST**

The Company is required under Rule 723 of the Catalist Rules to ensure at least ten per cent. (10%) of its Shares are held by the public at all times. As at the Latest Practicable Date, 45,673,177 Shares representing approximately 27.28% of the total issued Share are held by the public. Assuming that the Company purchases from the public the maximum number of ten per cent. (10%) of the issued Shares, being 16,739,767 Shares as at the Latest Practicable Date, the resultant number of Shares held by the public after the purchase of such Shares would be 28,933,410, representing approximately 19.20% of the remaining issued Shares of the Company.

Accordingly, the Company is of the view that there is sufficient number of Shares held by public Shareholders, which would permit the Company to undertake Share purchases of up to ten per cent. (10%) of its total number of Shares without adversely affecting the listing status of the Shares on Catalist of the SGX-ST. The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares if the purchase of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the company.

The Directors shall safeguard the interests of public Shareholders before undertaking any Shares purchases. Before exercising the Share Purchase Mandate, the Directors shall at all times take due cognizance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial Shareholders and by non-substantial Shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any Share purchase.

**(b) Price restriction**

Under the Catalist Rules, a listed company may only purchase shares by way of a market acquisition at a price which is not more than five per cent (5%) above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price in relation to Market Purchases by the Company, referred to in Section B of this Appendix, conforms to this restriction.

(c) Timing of purchase

While the Catalist Rules does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any purchase of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, the Company will not purchase any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company’s half-year and full-year financial results, and ending on the date of the announcement of the relevant results.

**(F) Reporting Requirements**

Within thirty (30) days of the passing of a Shareholders’ resolution to approve the purchase of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority (“**ACRA**”)

The Company shall notify ACRA within thirty (30) days of a purchase of Shares on the Catalist of the SGX-ST or otherwise. Such notification shall include details of the purchase, including the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company’s issued share capital before the purchase of Shares, the Company’s issued share capital after the purchase of Shares, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

The Catalist Rules also specifies that a listed company shall report all purchases of its shares to the SGX-ST not later than 9.00 a.m.:-

- (a) in the case of a Market Purchase, on the market day following the day of purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares after purchase, in the form prescribed under the Catalist Rules.

**(G) Status of Purchased Shares**

Any Share which is purchased by the Company shall, unless held as Treasury Shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased by the Company and which are not held as Treasury Shares.

All Shares purchased by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.



## (H) Treasury Shares

Under the Companies Act, Shares purchased by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:-

### (a) Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent (10%) of the total number of issued Shares.

### (b) Voting and Other Rights

The Company shall not exercise any right in respect of Treasury Shares. In particular, the Company shall not exercise any right to attend or vote at the general meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividends may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

### (c) Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:-

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the Treasury Shares as consideration for the purchase of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

## (I) Financial Effects

The financial effects on the Company and the Group arising from the Share purchases, which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased and the consideration paid at the relevant time.

**For illustrative purposes only**, the financial effects of the Shares Purchase Mandate on the Group's and the Company's for the financial year ended 30 June 2015 ("**FY2015**") are based on the following assumptions:

- (a) based on 167,397,677 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of ten per cent. (10%) of its issued Shares will result in the purchase or acquisition of 16,739,767 Shares;
- (b) the maximum price for the Market Purchase or Off-Market Purchase is S\$0.087 per Share, which is five per cent. (5%) above the average closing prices of the Shares over the last five (5) market days preceding the Latest Practicable Date on which the transactions in Shares were recorded on the SGX-ST; and

- (c) the Company obtains theoretical external borrowings of S\$1,456,360 prior to the Shares purchase so that the cash and cash equivalents remain positive; and
- (d) the maximum amount of funds required for the Shares purchases (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is S\$1,456,360.

**For illustrative purposes only** and on the basis of the above assumptions, the financial effects on the audited financial statements of the Company and the Group for FY2015 are set out as follows:–

***Market Purchase or Off-Market Purchase made entirely out of capital or profit and held as Treasury Shares***

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Before Share Purchase (\$'000)</b>	<b>After Share Purchase (\$'000)</b>	<b>Before Share Purchase (\$'000)</b>	<b>After Share Purchase (\$'000)</b>
<b><u>As at 30 June 2015</u></b>				
Loss After Tax	(5,352)	(5,352)	(5,569)	(5,569)
Share Capital	11,477	11,477	11,477	11,477
Reserves	558	558	498	498
Retained Earnings /Accumulated Losses	348	348	(2,652)	(2,652)
	12,383	12,383	9,323	9,323
Treasury Shares	-	(1,456)	-	(1,456)
Shareholders' Funds	12,383	10,927	9,323	7,867
NTA <sup>(1)</sup>	12,037	10,581	9,323	7,867
Current Assets	1,966	1,966	684	684
Current Liabilities	10,815	12,271	14,239	15,695
Working Capital	(8,849)	(10,305)	(13,555)	(15,011)
Total Borrowings	7,734	9,190	7,734	9,190
Total Liabilities	14,560	16,016	17,984	19,440
Number of Shares ('000)	167,397	167,397	167,397	167,397
<b><u>Financial Ratios</u></b>				
NTA per Share (Cents)	7.19	6.32	5.57	4.70
Loss per Share (Cents) <sup>(2)</sup>	(3.20)	(3.20)	(3.33)	(3.33)
Gearing <sup>(3)</sup>	0.62	0.84	0.83	1.17
Current Ratio <sup>(4)</sup>	0.18	0.16	0.05	0.04

**Notes:**

- (1) Net tangible assets ("**NTA**") equals total equity less minority interest less intangible assets.
- (2) For illustrative purposes, loss per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Gearing equals total borrowings for the Group and Company respectively, divided by Shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.



**Market Purchase or Off-Market Purchase made entirely out of capital or profit and cancelled**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Before Share Purchase (\$'000)</b>	<b>After Share Purchase (\$'000)</b>	<b>Before Share Purchase (\$'000)</b>	<b>After Share Purchase (\$'000)</b>
<b>As at 30 June 2015</b>				
Loss After Tax	(5,352)	(5,352)	(5,569)	(5,569)
Share Capital	11,477	11,477	11,477	11,477
Reserves	558	(898)	498	(958)
Retained Earnings /Accumulated Losses	348	348	(2,652)	(2,652)
	12,383	10,927	9,323	7,867
Treasury Shares	-	-	-	-
Shareholders' Funds	12,383	10,927	9,323	7,867
NTA <sup>(1)</sup>	12,037	10,581	9,323	7,867
Current Assets	1,966	1,966	684	684
Current Liabilities	10,815	12,271	14,239	15,695
Working Capital	(8,849)	(10,305)	(13,555)	(15,011)
Total Borrowings	7,734	9,190	7,734	9,190
Total Liabilities	14,560	16,016	17,984	19,440
Number of Shares ('000)	167,397	150,657	167,397	150,657
<b>Financial Ratios</b>				
NTA per Share (Cents)	7.19	7.02	5.57	5.22
Loss per Share (Cents) <sup>(2)</sup>	(3.20)	(3.55)	(3.33)	(3.70)
Gearing <sup>(3)</sup>	0.62	0.84	0.83	1.17
Current Ratio <sup>(4)</sup>	0.18	0.16	0.05	0.04

**Notes:**

- (1) NTA equals total equity less minority interest less intangible assets.
- (2) For illustrative purposes, loss per Share is computed based on profit after tax and number of Shares as shown in the table above.
- (3) Gearing equals total borrowings for the Group and Company respectively, divided by Shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

The actual impact will depend on the number and price of the Shares purchase. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase of Shares will only be effected after assessing the relative impact of a Share purchase taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as share market conditions and performance of the Shares).

**Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2015, and is not necessarily representative of the future financial performance of the Company and the Group.**

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or otherwise acquire up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution.

**(E) Take-over implications arising from Share purchase**

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

**(a) Obligation to make a take-over offer**

Rule 14 of the Take-over Code ("**Rule 14**") requires, *inter alia*, that except with the consent of Securities Industry Council ("**SIC**"), where:

- (i) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry thirty per cent. (30%) or more of the voting rights of a company; or
- (ii) any person who, together with persons acting in concert with him, holds not less than thirty per cent. (30%) but not more than fifty per cent. (50%) of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than one per cent. (1%) of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares shall be excluded.

**(b) Persons acting in concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert with each other under the Take-over Code:—

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (ii) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status; and
- (iii) an individual with his close relatives, related trusts and person(s) who are accustomed to act in accordance with his instructions.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2

Appendix 2 of the Take-over Code contains the share buy-back guidance note. In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, if, as a result of any purchase by the Company of its Shares, the proportionate percentage of voting rights held by a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If as a result of such increase, a Shareholder or group of Shareholders acting in concert with a Director obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert with a Director could become obliged to make a take-over offer for the Company under Rule 14.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the Share Purchase Mandate.

(d) Advice to Shareholders

**Shareholders are advised to consult their professional advisers and/or SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.**

(e) Interests of Directors and Substantial Shareholders

Assuming (i) the Company purchases the maximum number of ten per cent. (10%) of the issued Shares of the Company as at the Latest Practicable Date, and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders, based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders of the Company maintained pursuant to Section 164 and Section 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the purchase of Shares were/will be as follows:—

Directors	Direct Interest		Deemed Interest		Total Interest (Before Share Buyback)		Total Interest (After Share Buyback)	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Dr Chin Kon Yuen (1), (2)	75,766,600	45.3	29,551,000	17.6	105,317,600	62.9	105,317,600	69.9
Yeow Cheng Khim <sup>(1)</sup>	29,551,000	17.6	75,766,600	45.3	105,317,600	62.9	105,317,600	69.9
Chen Timothy Teck Leng	-	-	-	-	-	-	-	-
Wong Hin Sun Eugene	4,546,000	2.7	-	-	4,546,000	2.7	4,546,000	3.0
Woo Lee Yong	971,220	0.6	-	-	971,220	0.6	971,220	0.6

**Substantial Shareholder (other than Directors)**

Royal Institute of Construction Economists Pte Ltd	16,406,900	9.8	-	-	16,406,900	9.8	16,406,900	10.9
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**Notes:**

- (1) Dr Chin Kon Yuen and Ms Yeow Cheng Khim are husband and wife. They are deemed interested in each other's shareholdings in the Company.
- (2) Dr Chin Kon Yuen's direct interest comprises of 75,766,600 shares held in the name of Raffles Nominees Pte Ltd.

Based on the information set out above and assuming that there is no change in the shareholding interests of the Directors and Substantial Shareholders as set out above since the Latest Practicable Date, none of the Directors and Substantial Shareholders referred to above is expected to incur an obligation to make a general offer to other Shareholders under the Take-over Code, in the event that the Company undertake Share purchases of up to ten per cent. (10%) of the issued Shares of the Company as permitted under the Share Purchase Mandate.

(J) Tax implication

The following is a general overview of the Singapore tax implications of share purchases by the Company.

Shareholders should note that the following general overview of the Singapore tax position is not to be regarded as advice on the tax position of any Shareholder, or on any tax implications arising from the proposed Share Purchase Mandate. Shareholders who are in doubt as to their respective tax positions or the tax implications arising from the purchase or acquisition of Shares by the Company, or who may be subject to tax in a jurisdiction, should consult their own professional advisers.

(a) **Company's Treatment**

Under Section 10J of the Singapore Income Tax Act, Chapter 134 of Singapore, where a company tax resident in Singapore purchases or otherwise acquires shares issued by it from any shareholder of the company and such shares are deemed cancelled under Section 76B of the Companies Act by way of a Market Purchase or an Off-Market Purchase, to the extent that the payment for the share purchases is made out of the contributed capital of the company, such payment should not be regarded as a payment of dividend by the company to the shareholders, and an amount equal to the payment shall be debited to the contributed capital account kept by the company. However, to the extent that the payment for the share purchases is not made out of the contributed capital of the company, such payment should be deemed to be a dividend paid by the company on the date of the payment.

As the Company is a tax resident in Singapore for Singapore income tax purposes and is under the one-tier corporate tax regime, to the extent that the payment for the share purchases is not made out of the contributed capital of the Company, the payment should be deemed as a dividend paid by the Company on the date of the payment and the dividend should be treated as a tax exempt (one-tier) dividend.

(b) **Shareholder's Treatment**

From a shareholder's perspective, the tax treatment of the receipt from a share purchase would depend on whether the sale is by way of a Market Purchase or an Off-Market Purchase. A sale by a shareholder of his shares through a normal ready market counter will be treated like any other sale made on the SGX-ST, and not as a dividend. Whether the proceeds from such a sale are taxable in the hands of the shareholder will depend on whether such proceeds are receipts of an income or a capital nature.

Proceeds received in an Off-Market Purchase effected by way of an equal access scheme as defined in Section 76C of the Companies Act will be treated as a receipt of a dividend in the hands of the shareholder if the payment for the share purchase is not made out of the contributed capital of the Company. In the case where the consideration received pursuant to the share purchase is treated as a tax exempt (one-tier) dividend in the hands of a shareholder, the dividend should be exempt from Singapore income tax in the hands of that shareholder (both resident and non-resident) in Singapore.

Accordingly, no deduction of the cost of the shares sold will be allowed, but the cost base will be apportioned among the remaining shares.

**(K) Shares purchase by the Company**

The Company did not purchase any Shares pursuant to the previous renewal of the Share Purchase Mandate approved by the Shareholders at the annual general meeting on 31 October 2014 up to the Latest Practicable Date.

**(L) Directors' Recommendation**

The Directors are of the opinion that the proposal renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of ordinary resolution 9 as set out in the Notice of AGM.

**(M) Directors' Responsibility Statement**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or

otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or produced in this Appendix in its proper form and context.

**(N) Documents for Inspection**

Copies of the following documents may be inspected at the registered office of the Company at 38C Jalan Pemimpin Singapore 577180 during normal business hours up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Annual Report of the Company for FY2015.

Yours faithfully

For and on behalf of the Board of Directors of  
TMC EDUCATION CORPORATION LTD

Dr Chin Kon Yuen  
Executive Chairman





