

APPENDIX 2 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**”). Its purpose is to explain to Shareholders the rationale and provide information relating to the mandate for the proposed disposal of properties comprising four (4) strata lots (or any one of them) situated at 111 North Bridge Road, #06-01 to #06-35, Peninsula Plaza, Singapore 179098 (“**Properties**”) (“**Proposed Disposal**”) 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 Catalist. 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 DISPOSAL OF PROPERTIES  
COMPRISING FOUR (4) STRATA LOTS (OR ANY ONE OF THEM) SITUATED AT  
111 NORTH BRIDGE ROAD, #06-01 TO #06-35, PENINSULA PLAZA, SINGAPORE  
179098**

**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)

**Registered Office**

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

15 October 2015

To: The Shareholders of TMC Education Corporation Ltd

Dear Sir/Madam

**(A) Introduction**

Reference is made to the proposed ordinary resolution 10 in the Notice of AGM dated 15 October 2015 convening the AGM to be held on 30 October 2015.

The purpose of this Appendix is to provide Shareholders with relevant information relating to, and to explain the rationale for the Proposed Disposal 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) Particulars of the Properties**

The Properties situated at 111 North Bridge Road #06-01 to #06-35, Peninsula Plaza, Singapore 179098 comprises four (4) strata lots ("**Strata Lots**").

The details of the Strata Lots are as follows:

No.	Unit Number	Area (square feet)	Lease period (year)	Duration of lease	Land Lot Particulars
1.	#06-01 to #06-08 and #06-20 to #06-25	4,780	999	29 October 1829 to 28 October 2828	Strata Lot TS10-U978K comprised in Subsidiary Strata Certificate of Title Volume 208 Folio 90
2.	#06-09 to #06-19	5,263	999	29 October 1829 to 28 October 2828	Strata Lot TS10-U981K comprised in Subsidiary Strata Certificate of Title Volume 208 Folio 93
3.	#06-26 to #06-29 and #06-32 to #06-35	2,368	999	29 October 1829 to 28 October 2828	Strata Lot TS10-U979N comprised in Subsidiary Strata Certificate of Title Volume 208 Folio 91
4.	#06-30 to #06-31	603	999	29 October 1829 to 28 October 2828	Strata Lot TS10-U980A comprised in Subsidiary Strata Certificate of Title Volume 208 Folio 92

Currently, part of the Properties is leased to third parties and the remaining is vacant. Details of the net rental revenue after tax from the Properties for the financial year ended 30 June 2015 (“FY2015”) are as follows:

	Units #06-01 to #06-08 and #06-20 to #06-25	Units #06-09 to #06-19	Units #06-26 to #06-29 and #06-32 to #06-35	Units #06-30 to #06-31	Total
Net rental revenue after tax for FY2015 (S\$)	161,490	169,471	87,032	21,313	439,306

**(C) Mandate for the Proposed Disposal**

The Company is seeking a mandate of Shareholders for the Proposed Disposal (“**Proposed Disposal Mandate**”). The Proposed Disposal Mandate will allow the directors of the Company (“**Directors**”) to dispose of the Properties, in whole or in part, as and when the Directors are of the view that this would be in the best interests of the Company and the Shareholders, subject to the Properties being disposed for not less than 80% of the Proposed Sale Prices (as defined below).

**(D) Rationale for the Proposed Disposal**

The Proposed Disposal represents an opportunity for the Company to unlock the value of the Properties that are being held as investment properties and do not contribute towards its core business.

Upon the successful sale of the Properties, the Company would also be freed from any future holding and/or maintenance costs of these investment properties. The proceeds from the successful sale of the Properties would provide future cash flow for the Company’s and its subsidiaries’ (“**Group’s**”) working capital purposes and reduce its borrowings.

**(E) Value and Consideration of the Properties**

The net book value (“**NBV**”) and net tangible assets (“**NTA**”) of the Properties as at 30 June 2015 are as follows:

	Units #06-01 to #06-08 and #06-20 to #06-25	Units #06-09 to #06-19	Units #06-26 to #06-29 and #06-32 to #06-35	Units #06-30 to #06-31	Total
NBV (S\$)	8,820,000	9,730,000	4,420,000	1,200,000	24,170,000
NTA (S\$)	8,820,000	9,730,000	4,420,000	1,200,000	24,170,000

The proposed sale prices of the Properties (“**Proposed Sale Prices**”) are determined based on approximately 90% of the open market value of the Properties. The latest available open market value of the Properties as at 30 June 2015 was based on the valuation report dated 15 July 2015 (“**Valuation Report**”) issued by Alpha Appraisers LLP (“**Valuer**”) which was commissioned by the Company to conduct a valuation of the Properties for its accounting purposes. The Company has not commissioned a separate valuation of the Properties for the purpose of the Proposed Disposal Mandate.

The Proposed Sale Prices, based on the latest available open market value of the Properties as at 30 June 2015 are as follows:

	Units #06-01 to #06-08 and #06-20 to #06-25	Units #06-09 to #06-19	Units #06-26 to #06-29 and #06-32 to #06-35	Units #06-30 to #06-31	Total
Open market value as at 30 June 2015 (S\$)	8,820,000	9,730,000	4,420,000	1,200,000	24,170,000
Proposed Sale Prices (S\$)	7,939,580	8,757,632	3,978,240	1,079,973	21,755,425

Assuming the successful disposal of all the Properties at the Proposed Sale Prices, the total consideration to be received will be S\$21,755,425 (**“Illustrative Consideration”**). The Group will crystallise an estimated loss of approximately S\$2,639,929 (after deducting incidental costs and related expenses from the Proposed Disposal of approximately S\$225,354), representing an approximately 11% discount to the NBV of S\$24,170,000 of the Properties as at 30 June 2015.

The NBV, NTA, open market value and the Proposed Sale Prices of the Properties set out above are for illustrative purposes only and may not be reflective of the actual selling price of all or any of the Properties. As at 6 October 2015, being the latest practicable date prior to the printing of this Appendix (**“Latest Practicable Date”**), the actual consideration for the Proposed Disposal cannot be ascertained.

Upon the successful sale of any of the Properties, the Company will make appropriate announcement(s) on the SGXNET in accordance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the **“SGX-ST”**) (**“Catalist Rules”**).

**(F) Use of Net Proceeds**

Assuming the successful disposal of all the Properties at the Proposed Sale Prices, the aggregate gross proceeds of S\$21,755,425 in cash from the Proposed Disposal (after deducting incidental costs and related expenses of approximately S\$225,354) will amount to approximately S\$21,530,071 (**“Net Proceeds”**).

The Company intends to utilise the Net Proceeds in the following manner:

Use of Net Proceeds	Percentage of Allocations (%)
General working capital purposes	64%
Repayment of part of the Company's borrowings	36%

**(G) Section 160 of the Companies Act (Chapter 50) of Singapore (“Companies Act”)**

Section 160 of the Companies Act provides that notwithstanding anything in the Company's Memorandum or Articles of Association of the Company, the Directors shall not carry into effect any proposal for disposal of the whole or substantially the whole of the Company's undertaking or property unless the proposals have been approved by the Shareholders in general meeting.

The Properties will constitute all or substantially all of the Company's assets. Accordingly, the Proposed Disposal is subject to and conditional upon approval by the Shareholders.

## (H) Relative Figures under Chapter 10 of the Catalist Rules

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Catalist Rules and based on the Group's latest announced audited consolidated financial statements for FY2015 are set out below.

Rule 1006	Bases	Relative Figures
(a)	Net asset value of Properties of S\$24,170,000, compared with the Group's net asset value of S\$12,037,149	200.80%
(b)	Net profit <sup>(1)</sup> attributable to the Properties of S\$578,107 compared with the Group's net loss <sup>(2)</sup> of S\$5,307,948	Not meaningful
(c)	Aggregate value of the Illustrative Consideration of S\$21,755,425, compared with the Company's market capitalisation <sup>(3)</sup> of S\$13,894,007 based on the total number of issued shares excluding treasury shares	156.58%
(d)	Number of equity securities issued by the Company as consideration, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) Net profits/(loss) means the profit or loss before income tax, minority interests and extraordinary items. The net profit attributed to the Properties is the rental revenue (before income tax, minority interests and extraordinary items).
- (2) The Group recorded a loss before tax from continuing operations of S\$5,307,948 in FY2015, as such the relative figure computed pursuant to Rule 1006(b) is negative and hence the basis of comparison is not meaningful.
- (3) The Company's market capitalization of approximately S\$13,894,007 is determined by multiplying the issued share capital of the Company of 167,397,677 shares with the volume weighted average price of such shares transacted on the market day preceding the Latest Practicable Date of S\$0.083 per share.

As the relative figures under Rules 1006(a) and (c) of the Catalist Rules exceed 50%, the Proposed Disposal will constitute a "Major Transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to Shareholders' approval.

**For illustrative purposes, the relative figures under Rule 1006 of the Catalist Rules for the Proposed Disposal presented in this section are based on the assumption that the Properties are sold at the Proposed Sale Prices.**

## (I) Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the completion of the Proposed Disposal.

The financial effects of the Proposed Disposal have been prepared based on the latest audited financial statements of the Group for FY2015 and on the following assumptions:

- the effect on the NTA per share is based on the assumption that the Proposed Disposal had been effected on 30 June 2015;
- the effect on earnings per share ("**EPS**") is based on the assumption that the Proposed Disposal had been effected on 1 July 2014; and
- the total net rental revenue after tax of the Properties was S\$439,306 for FY2015.

**NTA per share**

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$)	12,037,149	9,397,220
Number of issued shares	167,397,677	167,397,677
NTA per share (Singapore cents)	7.19	5.61

**EPS**

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to the owners of the Company (S\$)	(5,299,499)	(8,378,734)
Weighted average number of shares	167,396,936	167,396,936
EPS (Singapore cents)	(3.17)	(5.01)

**(J) Interests of Directors and Substantial Shareholders**

The interests of the Directors and substantial Shareholders of the Company as at the Latest Practicable Date are set out below:-

	Direct Interest		Deemed Interest	
	Number of shares	% of voting shares	Number of shares	% of voting shares
<b>Directors</b>				
Dr Chin Kon Yuen <sup>(1), (2)</sup>	75,766,600	45.3	29,551,000	17.6
Yeow Cheng Khim <sup>(1)</sup>	29,551,000	17.6	75,766,600	45.3
Chen Timothy Teck Leng	-	-	-	-
Wong Hin Sun Eugene	4,546,000	2.7	-	-
Woo Lee Yong	971,220	0.6	-	-
<b>Substantial Shareholders (other than Directors)</b>				
Royal Institute of Construction Economists Pte Ltd	16,406,900	9.8	-	-

**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.

**(K) Interests in the Proposed Disposal**

None of the Directors, the controlling shareholders of the Company and/or the associates of the Directors and the controlling shareholders of the Company has any interest, directly or indirectly, in the Proposed Disposal, other than their respective interest in the Company's shares (if any).

**(L) Service Contract**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company.

**(M) Directors' Recommendation**

The Directors are of the opinion that the Proposed Disposal and the Proposed Disposal Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of ordinary resolution 10 as set out in the Notice of AGM.

**(N) Directors' Responsibility Statement**

The Directors 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 Disposal, Proposed Disposal 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 reproduced in this Appendix in its proper form and context.

**(O) Consent**

The Valuer has given and not withdrawn its written consent to the issue of this Appendix with the inclusion of its name, the statement made on the Valuation Report in section (E) of this Appendix, and all references to its name in the form and context in which it appears in this Appendix.

**(P) 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;
- (b) the Annual Report of the Company for FY2015;
- (c) the Valuation Report; and
- (d) the letter of consent from the Valuer.

Yours faithfully

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

Dr Chin Kon Yuen  
Executive Chairman

