

**PROPOSED AUCTION SALE OF TWO (2) STRATA LOTS AT PENINSULA PLAZA, SINGAPORE**

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**1. INTRODUCTION**

The board of directors of TMC Education Corporation Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) (the “**Board**” or the “**Directors**”) wishes to announce that the Company has appointed Knight Frank Pte Ltd (“**Knight Frank**”) as its agent to market and/or sell by auction its properties comprising of two (2) strata lots (or any one of them) situated at the following units at 6<sup>th</sup> floor, 111 North Bridge Road, Peninsula Plaza, Singapore 179098:

(a) Units #06-26 to #06-29 and #06-32 to #06-35; and

(b) Units #06-30 to #06-31

(collectively, the “**Strata Lots**”) (the “**Proposed Auction Sale**”).

**2. DETAILS OF THE PROPOSED AUCTION SALE**

**2.1 The Proposed Auction Sale**

The Strata Lots are expected to be sold by way of two (2) separate auctions to be held by Knight Frank on 22 September 2015 and 22 October 2015 at 2.30 p.m. respectively at Amara Hotel, Connection One (Level 3), 165 Tanjong Pagar Road, Singapore 088539.

**2.2 Details of the Strata Lots**

**2.2.1** Details of the Strata Lots are as follows:

No.	Unit number	Area (square feet)	Lease period (year)	Duration of lease
1.	#06-26 to 29; #06-32 to 35	2,368	999	29 October 1829 to 28 October 2828
2.	#06-30 to 31	603	999	29 October 1829 to 28 October 2828

**2.2.2** The Strata Lots are investment properties, comprising of office units, held for long-term rental yields and/or for capital appreciation, and are not occupied by the Group or used by the Group for its operations.

**2.2.3** As at the date of this announcement, units #06-30 to #06-31 are leased to third parties and units #06-26 to #06-29 and #06-32 to #06-35 are vacant.

**2.2.4** The disposal of the Strata Lots (or any of them), being non-core assets of the Group, will not affect the nature of the Company’s main business.

**2.3 The Proposed Sale Price**

**2.3.1** As the proposed sale of the Strata Lots will be done by way of an auction, there is no indicative sale price as at the date of this announcement. The Company will determine a reserve price on the Strata Lots prior to the date of the first auction. The reserve price will take into account factors such as the net book value as at 31 December 2014 and the open market value as at 30 June 2015 for the Strata Lots.

- 2.3.2 Subject to the reserve price being met, there is no assurance that either one, or both, of the Strata Lots will be successfully sold.

## 2.4 Sale and Purchase Agreements

- 2.4.1 Upon a successful bid being received from a potential purchaser, such sale will be subject to other terms and conditions to be set out in an agreement(s) to be entered into between the Company or its agent and the relevant purchaser(s).
- 2.4.2 Upon the successful sale of the Strata Lots, 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**”) (the “**Catalist Rules**”).

## 3. RATIONALE FOR THE PROPOSED AUCTION SALE

- 3.1 The Proposed Auction Sale represents an opportunity for the Company to unlock the value of these Strata Units that are being held as investment properties which do not contribute towards its core business.
- 3.2 Upon the successful sale of the Strata Lots, 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 Strata Lots would provide future cash flow for the Group’s working capital purposes and reduce its borrowings.

## 4. VALUE OF THE STRATA LOTS UNDER THE PROPOSED AUCTION SALE

- 4.1 The Company had commissioned Alpha Appraisers LLP (“**Alpha**”) to conduct a valuation of the Strata Lots to determine the open market value of the Strata Lots as at 30 June 2015 and Alpha had issued a valuation report dated 15 July 2015.
- 4.2 The open market value of the Strata Lots as at 30 June 2015 based on the valuation conducted by Alpha and the net book value of the Strata Lots as at 31 December 2014 are as follows:

	Units #06-26 to #06-29 and #06-32 to #06-35	Units #06-30 to #06-31	<b>Total</b>
Open market value as at 30 June 2015 (S\$)	4,420,000	1,200,000	5,620,000
Net book value as at 31 December 2014 (S\$)	4,220,000	1,160,000	5,380,000

- 4.3 The open market value and the net book value (the “**NBV**”) of the Strata Lots cited in paragraph 4.2 above are for illustrative purposes only and are not reflective of the reserve price or the proposed selling price of all or any of the Strata Lots.
- 4.4 **The actual consideration for the Proposed Auction Sale cannot be currently ascertained. For illustrative purposes, the financial effects and the relative figures under Catalist Rule 1006 for the Proposed Auction Sale presented in the following sections are based on the assumption that the Strata Lots are sold at their NBV (“Illustrative Consideration”).**

## 5. FINANCIAL EFFECTS

5.1 Assuming the successful sale of the Strata Lots at the Illustrative Consideration, the Company will incur a loss on the Proposed Auction Sale of approximately S\$58,000.

5.2 For illustrative purposes, the financial effects of the Proposed Auction Sale have been prepared based on the most recently audited financial statements of the Group for FY2014 and on the following assumptions:

- (a) the effect on the net tangible assets ("**NTA**") per ordinary share of the Company (the "**Share**") is based on the assumption that the Proposed Auction Sale had been effected on 30 June 2014;
- (b) the effect on the earnings per Share ("**EPS**") is based on the assumption that the Proposed Auction Sale had been effected on 1 July 2013; and
- (c) the NBV is the selling price of the Strata Lots.

5.3 The financial effects of the Proposed Auction Sale of each Strata Lot are as follows:

	Units #06-26 to #06-29 and #06-32 to #06-35		Units #06-30 to #06-31	
	Before the Proposed Auction Sale	After the Proposed Auction Sale	Before the Proposed Auction Sale	After the Proposed Auction Sale
NTA per Share as at 30 June 2014 (cents)	10.37	10.34	10.37	10.36
EPS as at 30 June 2014 (cents)	(2.31)	(2.34)	(2.31)	(2.32)

5.4 The financial effects of the Proposed Auction Sale of all the Strata Lots collectively are as follows:

	Before the Proposed Auction Sale	After the Proposed Auction Sale
NTA per Share as at 30 June 2014 (cents)	10.37	10.34
EPS as at 30 June 2014 (cents)	(2.31)	(2.34)

## 6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures for the Proposed Auction Sale of all the Strata Lots computed on the applicable bases set out in Rule 1006 of the Catalist Rules, based on the latest announced unaudited financial statements of the Group for the half year ended 31 December 2014 are set out below.

Rule 1006	Basis	Relative Figures
(a)	Net asset value of the Strata Lots of S\$5,380,000 compared with the Group's net asset value of S\$14,824,099.	36.29%
(b)	Net profits/(loss) <sup>(1)</sup> attributable to the Strata Lots of S\$(67,528), as compared to the Group's net loss <sup>(1)</sup> of S\$2,515,406.	Not meaningful <sup>(2)</sup>
(c)	Aggregate value of the Illustrative Consideration to be received from the Proposed Auction Sale of S\$5,380,000 <sup>(3)</sup> , compared with the Company's market capitalisation of S\$15,065,678 based on the total number of issued Shares excluding treasury shares <sup>(4)</sup> .	35.71%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to	Not applicable

	be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	
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Notes:

- (1) Net profits/(loss) means the profit or loss before income tax, minority interests and extraordinary items.
- (2) The Group recorded a loss before tax in HY2015, as such the relative figure computed pursuant to Rule 1006(b) is negative and hence the basis of comparison is not meaningful.
- (3) The aggregate value of the Illustrative Consideration to be received from the Proposed Auction Sale of all the Strata Lots is calculated on the assumption that the NBV is the selling price of the Strata Lots.
- (4) The Company's market capitalization of approximately S\$15,065,678 is determined by multiplying the issued share capital of the Company of 167,396,419 shares with the volume weighted average price of such Shares transacted on 19 August 2015 of S\$0.09 per Share.

The relative figures under Rules 1006(a) and (c) of the Catalist Rules exceed 5% but do not exceed 50%. As the relative figures calculated under Rule 1006(b) involves negative figure, the Company had, through the Sponsor, consulted the SGX-ST on the application of Chapter 10 of the Catalist Rules in relation to the Proposed Auction Sale. The SGX-ST has confirmed that the Proposed Auction Sale will be deemed as a discloseable transaction under Rule 1010 of the Catalist Rules.

## **7. USE OF SALE PROCEEDS**

With respect to the successful Proposed Auction Sale of any of the Strata Lots, the Company intends to use the net proceeds thereof (after taking into account the legal fees and other transactional costs in connection with such sale and any tax arising from such sale) for general working capital purposes and to repay a part of its borrowings.

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors has any interest, direct or indirect, in the Proposed Auction Sale of the Strata Lots (save through their respective shareholdings in the Company) and the Company has not received any notification from any of its controlling shareholders that it has any interest, direct or indirect, in the Proposed Auction Sale.

## **9. SERVICE CONTRACT**

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

## **10. DOCUMENT AVAILABLE FOR INSPECTION**

The valuation report dated 15 July 2015 issued by Alpha is available for inspection during normal business hours at the Company's registered office for three (3) months from the date of this announcement.

## **BY ORDER OF THE BOARD**

Ms Yeow Cheng Khim  
Chief Executive Officer  
20 August 2015

*This announcement 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 announcement.*

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

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